US EPA

Office of Air and Radiation

2005-2007 National Program and Grant Guidance

Update for Fiscal Years 2007-2009

April 27, 2006

Contents

Executive Summary

Program Office

Office of Air and Radiation.

Introduction/Context

This document identifies air and radiation program implementation priorities and milestones for the 2007-2009 timeframe, and provides information on the use and prospective allocation of Fiscal Year (FY) 2007 state, local, and tribal assistance grants (Appendix A). All this information is relevant to achievement of the objectives, sub-objectives, and strategic targets presented in EPA's 2006-2011 Strategic Plan (to be issued September 30, 2006) and achievement of the performance goals in EPA's FY 2007 Annual Performance Plan and Congressional Justification. The current (2003-2008) EPA Strategic Plan is being revised – the new version takes effect October 1, 2006 (Day 1 of FY 2007, the year of this guidance document).

Organization of the Guidance

- Technical Guidance. The main body of the guidance (not the appendices) is organized into five chapters – Outdoor Air, Indoor Air, Stratospheric Ozone, Radiation Protection, and Climate Change. These chapters align with the Objectives in the Goal 1—Clean Air and Global Climate Change section of EPA's Draft 2006-2011 Strategic Plan. Each chapter begins with the sub-objectives and strategic targets from the Strategic Plan and a discussion of the overall strategy for achieving the objective. This information informs the reader of the longer-term outcomes and results being pursued, and sets the stage for program subsections that present more detailed strategies and specific implementation activities. For instance, the Outdoor Air chapter contains subsections that reflect the different roles and responsibilities of the partners/co-regulators. One subsection speaks to the federal role and another speaks to the roles of state, local, and tribal air quality management agencies. In other chapters, the subsections are based on the type of activity rather than who performs the activity. The Stratospheric Ozone chapter, for example, is subdivided into domestic vs. international activities, whereas the Indoor Air chapter is subdivided into environmental contaminants/asthma triggers and radon.

- Grant Guidance (Appendix A). Appendix A provides information and guidance on selected program areas supported by grant assistance. It highlights the major changes impacting program grants in FY 2007 both programmatically and administratively. Appendix A is divided into seven sections: an executive summary which highlights major developments affecting FY 2007 grant assistance, fundamental elements of sound grants management, areas of emphasis and change in grant funded programs (e.g., ambient monitoring), information on other significant air program activities, a preliminary FY 2007 air grant allocation, information on the FY 2007 state indoor radon grant program and grant allocation, and supplemental information for project officers including defining programmatic and environmental results from grants.

Program Implementation Priorities for FY 2007

The overall program implementation priorities for FY 2007 are unchanged from FY 2006.

Implement the 8-Hour Ozone, $PM_{2.5}$, and Regional Haze Programs. In December 2004 for $PM_{2.5}$, and in April 2005 for 8-hour ozone, EPA signed the final rules designating attainment and nonattainment areas for these National Ambient Air Quality Standards (NAAQS). The priorities for 2007 are to work with states, tribes, and communities to develop their plans to reduce ground-level ozone and fine particulate concentrations, take final action on §309 Regional Haze State Implementation Plans, and work with states, tribes, and communities to develop innovative approaches to achieve cleaner, healthier air while sustaining economic growth.

Implement the Clean Air Interstate Rule. In March 2005, EPA signed the final Clean Air Interstate Rule (CAIR). The priority for 2007 is to begin implementing CAIR, a rule that is projected to achieve the largest reduction in air pollution in more than a decade. If Clear Skies legislation is enacted, the priority is to develop the implementing regulations.

Implement the Clean Air Mercury Rule. In March 2005, EPA signed the final Clean Air Mercury Rule (CAMR) for controlling mercury emissions from power plants. The priority for 2007 is to implement CAMR, a rule that permanently caps and reduces mercury emissions from coal-fired power plants for the first time ever.

Implement the Integrated National Ambient Air Monitoring Strategy. We will continue our joint efforts with our state, local and tribal partners to update and integrate the national ambient air monitoring networks (PM, other NAAQS, Clean Air Status and Trends Network (CASTNET), Interagency Monitoring of Protected Visual Environments (IMPROVE), and National Air Toxics Trends Stations (NATTS)) using the most up-to-date technology to: improve our analytical capabilities, better determine the effectiveness of our efforts, eliminate redundancy, and improve our accountability to the public. Specific changes are discussed in more detail in the accompanying grant guidance.

Implement the Energy Policy Act. Developing and implementing provisions of the Energy Policy Act of 2005 (EPAct) is a major priority for OAR. This includes developing and implementing the Renewable Fuel Standard Program (RFS Program), and provisions related to diesel emission reductions. The RFS Program is designed to significantly increase the volume of renewable fuel that is blended into gasoline. For 2006 only, EPA has adopted the default standard for renewable fuel as set forth in EPAct. For 2007 and beyond, we will determine and publish a renewable fuel standard for each year and develop a renewable fuel standard credit trading program. With regard to diesel emissions, EPA has already set fuel and emissions standards for both onroad and nonroad diesel engines, which will reduce pollution from new vehicles and equipment. To address the existing fleet, we will continue to work with our partners to implement the diesel emission reduction provisions of EPAct. As part of the National Clean Diesel Campaign, we will provide funding for competitive federal grants to reduce diesel emissions from the existing fleet as well as funding to support the Clean School Bus USA program. A more detailed discussion of this grant program is contained in Appendix A.

Implement Air Toxics Initiatives that Focus on Multi-Media and Cumulative Risks. In February 2004, EPA completed the 10-year Maximum Achievable Control Technology (MACT) standards. The next tasks in the toxics program include promulgating area source and residual risk standards; developing tools to assess baseline risks and risk reduction scenarios; implementing national, regional, and community-based initiatives that include air toxics as well as multi-media and cumulative (including indoor-outdoor) risks such as the Community Action for a Renewed Environment (CARE) program; and providing public education and outreach.

Implement OAR Partnership Programs and Initiatives. A lesson we've learned over the past several years is the importance of non-regulatory approaches. A priority for 2007 is to continue to implement and grow successful partnership programs like the Diesel Retrofit Program, Clean School Bus USA program, Energy Star, Methane to Markets Partnership, Climate Leaders, Indoor Air Quality Tools for Schools, and joint EPA-DOT Best Work Places for Commuters program, and test out similar approaches in other areas, including a woodstove retrofit program. EPA will also begin implementation of its radon reinvigoration strategy based upon updated risk information.

Title V Permits. At this point, we are well over a decade into the Title V operating permit program. Although behind schedule, state and local agencies have issued almost 90% of the permits. The priority is to work on permitting the pollution sources that remain to be permitted.

Implement Agency Priority Innovations. EPA's Innovation Action Council has endorsed three priority innovations for full scale implementation. These priority innovations are: 1) the National Performance Track Program – EPA's flagship innovation program for recognizing and encouraging facilities that go beyond compliance (http://www.epa.gov/performancetrack/), 2) Environmental Management Systems (EMS) – a systematic way of managing a facility's environmental footprint based on a plan-do-check-act continual improvement framework (http://www.epa.gov/ems/); and, 3) the Environmental Results Program (ERP) – an integrated system of compliance assistance, self-certification, and statistically-based performance measurement used by states for cost-effectively regulating and improving the performance of small business sectors (http://www.epa.gov/permits/masserp.htm). Regions, states, and tribes are encouraged to use these innovative approaches in the achievement of their program goals.

Implementation Strategies: The toolkit of air and radiation implementation strategies includes regulatory and statutory activities, market-based program activities, partnership and community-based activities, and activities related to developing or implementing innovative approaches. Regions choose the mix of strategies and activities most appropriate for their circumstances and prevailing environmental issues while also addressing base program requirements. These strategies are described in more detail in the technical sections of this document.

State and Tribal Assistance Grants: EPA's state, local, and tribal partners carry out a crucial role in the national effort to achieve and maintain clean, healthy outdoor and indoor air. Grant resources are key to this effort. Priorities for the use of FY 2007 air grant resources are outlined in the State and Local Air Quality Management subsection. Appendix A provides more information on specific grant topics including new initiatives, areas of changing emphasis such

as monitoring, and associated program support. It also contains preliminary, national Region-by-Region allocations for state and local air quality programs and for state indoor radon grants. A tribal air grant allocation, and the distribution of funds for certain competitive grant programs, will be provided at a later date.

Tracking Progress: Progress in implementing air and radiation programs will be tracked through the monitoring, data reporting, and information systems currently utilized by OAR, Regions, and state and local agencies. Progress on commitments in Appendix B will be tracked through the EPA's Annual Commitment System. We will also track and discuss program progress using oral and written communications much as conference calls, face-to-face meetings, and the exchange of written information, all in the same manner as is currently practiced. Appendix C highlights a subset of the annual commitments and measures that apply state categorical grant programs in response to a new OMB directive.

Regional Performance Commitments

Attachment B contains the FY 2007 Regional performance commitments needed to support achievement of national air and radiation program priorities and the outcomes expressed in the EPA Strategic Plan. Appendix B is for reference – OAR and Regions will negotiate the commitments and target levels of performance using the Annual Commitment System.

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Healthier Outdoor Air

Objective 1.1 - Healthier Outdoor Air. Through 2011, working with partners, protect human health and the environment by attaining and maintaining health-based air quality standards and reducing the risk from toxic air pollutants.

Sub-objective 1.1.1: Ozone and $PM_{2.5}$. By 2015, working with partners, improve air quality for ozone and PM2.5 as follows:

Strategic Targets:

- By 2015, reduce the population-weighted ambient concentration of ozone in all monitored counties by 14% from the 2003 baseline.

- By 2015, reduce the population-weighted ambient concentration of $PM_{2.5}$ in all monitored counties by 6% from the 2003 baseline.

- By 2011, improve air quality across states covered by Clean Air Interstate Rule (CAIR) to levels where 92 of the 108 areas that did not meet the standards for 8-hour ozone (as of April 2005) achieve these health-based national standards.

- By 2011, improve air quality across states covered by CAIR to levels where 17 of the 36 areas that did not meet the standards for $PM_{2.5}$ (as of April 2005) achieve these health-based national standards.

- By 2011, reduce annual SO_2 emissions from electric power generation sources by 4.3 million tons below 2003 levels across states covered by the CAIR.

- By 2011, reduce annual emissions of nitrogen oxides (NO_X) from electric power generation sources by 1.7 million tons below 2003 levels across states covered by CAIR.

- By 2011, reduce annual emissions of NO_X from mobile sources by 3.7 million tons from the 2000 level of 11.8 million tons.

- By 2011, reduce annual emissions of volatile organic compounds from mobile sources by 1.9 million tons from the 2000 level of 7.7 million tons.

- By 2011, reduce annual emissions of fine particles from mobile sources by 134,700 tons from the 2000 level of 510,550 tons.

- By 2011, through the National Clean Diesel Initiative, reduce emissions of fine particles from the approximately 11 million engines in the existing fleet by 50,000 tons from the 2000 baseline.

- By 2011, through the National Clean Diesel Initiative, reduce NO_X emissions from the approximately 11 million engines in the existing fleet by nearly 300,000 tons from the 2000 baseline.

- By 2011, air quality assessments in Indian country, such as air quality and deposition monitoring, emissions inventories, and air toxics assessments, will be tribally-driven and reflect tribal priorities and needs with the support of EPA. At least three tribes will complete assessments each year between 2007 and 2011, and at least two new tribes will undertake new assessments each year between 2007 and 2011.

- By 2011, the number of tribes with the expertise and capability to implement the Clean Air Act in Indian country (as demonstrated by successful delegation of CAA authority under the Tribal Authority Rule) will increase from the 2005 baseline of 30 to 50.

Sub-objective 1.1.2: Air Toxics. By 2011, working with partners, reduce air toxics emissions and implement area-specific approaches to reduce the risk to public health and the environment from toxic air pollutants, as follows:

Strategic Targets:

- By 2010, reduce the toxicity-weighted risk for cancer by 4% percent from the 1993 level of 23%, with emphasis on areas with potential environmental justice concerns.

- By 2010, reduce the toxicity-weighted risk for non-cancer by one cumulative percent from the 1993 level of 56%, with emphasis on areas with potential environmental justice concerns.

- By 2011, through the Clean Air Mercury Rule, reduce mercury emissions from electric generating units by 10 tons from the 2000 level of 48 tons.

- By 2011, through federal standards, reduce air toxics emissions from mobile sources by 1.4 million tons from the 1996 level of 2.7 million tons.

Sub-objective 1.1.3: Chronically-Acidic Water Bodies. By 2011, reduce the number of chronically-acidic water bodies in acid-sensitive regions by 2% from 1984 levels.

Strategic Targets:

- By 2011, reduce national annual emissions of sulfur dioxide (SO_2) from utility electrical power generation sources by approximately 8.45 million tons from the 1980 level of 17.4 million tons, achieving and maintaining the Acid Rain statutory SO_2 emissions cap of 8.95 million tons.

- By 2011, reduce total annual average sulfur deposition and mean ambient sulfate concentration by 30% from 1990 monitored levels.

- By 2011, reduce total annual average nitrogen deposition and mean total ambient nitrate concentration by 15% from 1990 monitored levels.

EPA's strategy for achieving the results expressed in the objective, sub-objectives, and strategic targets combines national and local measures, reflecting different federal, state, tribal, and local government roles. We have found that problems with broad national impact – such as emissions from power plants and other large sources and pollution from motor vehicles and fuels – are best handled primarily at the federal level. States, tribes, and local agencies can best address the regional and local problems that remain after federal measures have been fully applied.

EPA, states, and local agencies work together to meet clean air goals cost-effectively by employing various regulatory, market-based, and voluntary approaches and programs. States are primarily responsible for improving air quality and meeting the NAAQS. States develop emission inventories, operate and maintain air monitoring networks, perform air quality modeling, and develop state implementation plans (SIPs) that lay out the mobile and stationary source control strategies they will employ to improve air quality and meet the NAAQS.

EPA assists states by providing technical guidance and financial assistance, issuing regulations, and implementing programs designed to reduce pollution from the most widespread and significant sources of air pollution: mobile sources, such as cars, trucks, buses, and construction equipment; and stationary sources, such as power plants, oil refineries, chemical plants, and dry cleaning operations. Interstate transport of pollutants – a problem no state can solve on its own – makes a major contribution to air pollution problems in the eastern U.S. To address this issue, EPA requires control of upwind sources that contribute to downwind problems in other states.

EPA has a trust responsibility to protect air quality in Indian country, but authorized tribes may choose to develop and implement their own air quality programs. EPA and states are working to increase the currently limited information on air quality on tribal lands, build tribal capacity to administer air programs in Indian country, and establish EPA and state mechanisms to work effectively with tribal governments on regulatory development and regional and national policy issues.

To further reduce exposure to air toxics, EPA will develop and issue federal standards for major stationary sources which, when implemented through state programs, will reduce toxic emissions by 1.7 million tons. In addition, we will conduct national, regional, and community-based efforts to reduce risks from hazardous air pollutants. Characterizing emissions and the risks they pose on national and local scales, such as in Indian country, will require significant effort. We will need to update the science and to keep the public informed about these issues.

We will develop and refine tools, training, handbooks, and information to assist our partners in characterizing risks from air toxics, and we will work with them on strategies for making local decisions to reduce those risks. We will work with state, tribal, and local agencies to modestly expand the national toxics monitoring network, and will compile and analyze information from local assessments to better characterize risk and assess priorities.

We are currently working on a rule to increase the use of flexible air permits. Flexible air permits enable facilities to make operational changes more quickly than under traditional permits, provide significant environmental and administrative benefits, and become a valuable business asset for sources who obtain them. When the Agency issues its final rule, resources will be allocated on a priority basis to assist Performance Track facilities (see http://www.epa.gov/performancetrack/) that wish to obtain flexible air permits, along with an identified point of contact within each EPA Region to help resolve any implementation issues. The Agency encourages state permitting authorities to consider a similar prioritization of resources. Flexible permits are under development for three Performance Track members – a 3M facility in Texas, another 3M facility in Missouri, and a Baxter Healthcare facility in Arkansas.

Our strategies for achieving healthier outdoor air are implemented through the following seven programs:

- Clean Air Allowance Trading Programs
- Federal Vehicle and Fuels Standards and Certifications
- Federal Stationary Source Regulations
- Federal Support for Air Quality Management
- Federal Support for Air Toxics Management
- State and Local Air Quality Management
- Tribal Air Quality Management

The first five programs are federally-implemented programs and the latter two are grant programs that support state, tribal, and local air program implementation. All these programs and their priorities for FY 2007-2009 are described below.

CLEAN AIR ALLOWANCE TRADING PROGRAMS

This program includes development, implementation, and evaluation of federally-administered programs for the trading of emissions allowances. The trading programs help implement the NAAQS and reduce acid deposition, toxics deposition, and regional haze. Pollutants include SO_2, NO_X, and mercury (Hg). Current operating programs include the Acid Rain Program authorized under Title IV of the 1990 Clean Air Act (CAA) Amendments and the NOx Budget Program (NBP), which was initially established in the late 1990s under a Memorandum of Understanding among nine states and D.C. in the Northeast Ozone Transport Region (OTR). The NBP has expanded under CAA §126 and Phase I of the NO_X SIP call to double the number of affected sources and add 11 states from the Midwest and Southeast. In FY 2007, the NBP will incorporate an additional Midwest state affected under Phase II of the NO_X SIP Call.

Strategy

Our strategy for using allowance trading programs to promote more cost-effective pollution control and achievement of environmental objectives includes five components:

- *Clean Air Interstate Rule (CAIR)*: Continue implementation of this rule, signed in March 2005, which uses the proven cap-and-trade approach based on EPA's Acid Rain Program to achieve substantial reductions in SO_2 and NO_X. CAIR is a powerful component of EPA's plan to help over 450 counties in the eastern U.S. meet health-based protective air quality standards for ozone or $PM_{2.5}$. CAIR provides a federal framework requiring states to reduce emissions of SO_2 and NO_X. EPA anticipates that states will achieve this primarily by reducing emissions from the power generation sector and electing to participate in the EPA-administered interstate trading program.

- *Clean Air Mercury Rule (CAMR)*: Together with CAIR, CAMR creates a multi-pollutant strategy to reduce power plant emissions of three of the worst air pollutants – SO_2, NO_X, and mercury. Continue implementation of this rule, also signed in March 2005, which establishes a cap-and-trade system for mercury based on the Acid Rain Program model that states and the two affected tribes may adopt to achieve and maintain their emissions budgets.

- *Existing Programs:* Implement and operate existing allowance trading programs, including the new programs and revisions to existing programs established under CAIR and CAMR

- *New Statutory Authority:* If Clear Skies or comparable multi-pollutant program legislation is enacted, EPA will work to develop implementing regulations. Modern statutory authority that applies nationwide could be an efficient long-term mechanism for achieving large-scale multi-pollutant emission reductions.

- *Program Accountability:* Establish an integrated assessment program to include enhanced ambient and deposition monitoring, efficiency measures, and indicators to track health and environmental benefits, as called for in the recent report by the National Academy of Sciences (NAS). Expand the spatial coverage of CASTNET, modernize the network consistent with NAS recommendations, and evaluate incorporating atmospheric mercury speciation and deposition monitoring capability. Under the President's Management Agenda (PMA) and PART (Program Assessment Rating Tool) processes, program accountability – measured in terms of environmental outcomes from defined baselines – has become an essential component for all programs. Develop baselines prior to implementation of CAIR and CAMR programs. (See the discussion in Appendix A.)

Status

OAR's highest priority for FY 2007 is to continue timely and full implementation of the CAIR and CAMR programs. OAR is coordinating the implementation of these two programs to allow the emission reductions to be achieved in the most cost-effective manner by sources affected by both actions.

EPA administers the NBP, a multi-state market-based cap and trade program for reducing NO_X emissions and transported ozone in the eastern U.S. The initial program under the Ozone Transport Commission (OTC) went into effect in the summer of 1999. In 2003, the OTC program ended as a separate entity, integrating fully with the broader regional NBP under the

NO_X SIP Call. Based on data reported to EPA, there are approximately 2,540 affected and operating units in the 19 NBP states and D.C.

In FY 2007, EPA will continue to assist the states with implementation, especially activities related to allowance trading, emissions monitoring, and end-of-season reconciliation of emissions and allowances for affected sources. Affected units include boilers, turbines, and combined cycle units from a diverse set of industries as well as electric utility units. In 2004, the volume of emissions data processed by EPA increased almost 300% over the volume under the OTC program. EPA will also assist states in transitioning their sources and allowances from the NBP into the CAIR seasonal NO_X trading program. In 2007, electrical generation units (EGUs) in six additional states affected by the CAIR seasonal program will begin monitoring and reporting emissions data. Required NO_X monitoring for CAIR begins in 2008, or earlier for states and sources interested in qualifying for early emissions reduction credits. The initial compliance year for the annual and seasonal NO_X control programs under CAIR is 2009.

Critical to determining the effectiveness of, and maintaining the accountability for, allowance trading programs for control of transported air pollutants is the establishment and maintenance of a robust long-term atmospheric deposition monitoring network. The existing deposition monitoring networks have been in operation for more than 25 years. They have provided invaluable measurements on long-term trends in acid deposition and ozone transport. For example, the CASTNET network supporting the Acid Rain Program has enabled that program to successfully meet the performance expectations of the PMA and PART processes. However, these networks need to be modernized to ensure the continued availability of direct environmental data for program assessment. This will be critical for market-based programs such as the NBP and CAIR where complete and accurate geographic coverage is required. Specifically, CASTNET will need additional sites in the middle of the country to address in information gaps. EPA is conducting a pilot study for refurbishment of these networks. More detail is provided in the Ambient Monitoring section of the accompanying grant guidance (Appendix A).

FY 2007-2009 Milestones: NOx Budget/CAIR Seasonal Trading Program

2007-2008: EPA completes development of program operating software and guidance for incorporating sources affected under Phase II of the NO_X SIP call into the NBP trading program and for improving public and state access to emissions and allowance data. States develop SIP revisions and propose and finalize rules for implementation.

2007: Initial compliance season for full (Phases I and II) NBP. Regions assist states with monitor certification for newly affected CAIR seasonal sources.

2008: In collaboration with states, EPA publishes progress report on the NBP for the 2007 compliance season. Required NO_X monitoring and reporting for CAIR begins.

2009: Initial compliance season for CAIR seasonal program: NBP phased out.

FY 2007-2009 Milestones: CAIR/CAMR

2007-2008: EPA completes implementing software and guidance for CAIR.

2007-2009: Working with states and tribes, EPA establishes an integrated assessment program to include modernized deposition and ambient monitoring that is in-step with integrated national monitoring strategies involving core multi-pollutant sites.

2007-2009: EPA assists states and tribes in operating modernized and/or new sites in the integrated assessment program. State and local recipients may use their air grant funds to establish, modernize, and/or operate CASTNET sites. Pre-implementation program baselines are developed.

2007-2008: States assist EPA in investigating monitoring alternatives, performance specifications, and protocols (particularly as they relate to mercury). EPA assists states that elect to participate in federally-administered trading program under CAMR with SIPs.

2007-2008: EPA assists states and sources with mercury emissions monitoring and reporting under CFR Part 75.

2008-2009: Regions assist states with CAIR NO_X monitoring and EPA assists states and sources in initial compliance year for CAIR annual NO_X control program.

2009: Required SO_2 monitoring and reporting for CAIR begins.

2009: Required mercury monitoring and reporting for CAMR begins.

2007-2009: The implementation milestones listed above would also support Clear Skies or a comparable new multi-pollutant program. If legislation is enacted, EPA develops implementing regulations.

FY 2007-2009 Milestones: Acid Rain Program

2007-2009: Working with states, tribes, local agencies, Regional Planning Organizations (RPOs), and other partners in CASTNET, develop and implement an operations plan that will assure supportability over the next 5-10 years and will bring this network in-step with integrated national monitoring strategies involving regionally-representative core sites. Acid Rain §105 funds may be used to establish, modernize, and/or operate CASTNET sites.

2007-2009: Regions assist HQ in improving the efficiency of monitor certification and emissions reporting processes, especially for new sources.

2007-2009: EPA reports progress in reducing sulfur and nitrogen deposition, mean ambient sulfur concentration, and total ambient nitrate concentration (annual PART measures) and progress in reducing the number of chronically acidic water bodies in acid-sensitive regions (long-term PART measure) in addition to SO_2 emissions reduced (tons/yr) from the 1980 baseline (long-term and annual PART measures).

FEDERAL STATIONARY SOURCE REGULATIONS

This program includes activities related to maximum achievable control technology (MACT), combustion, and Area Source Standard development, the Stationary Source Residual Risk Program, New Source Performance Standards, and associated national guidance and outreach information. The strategy is to develop generally-available, control technology-based standards for the highest priority area source categories.

Status

- Significantly reduced air toxics emissions - 1.7 million tons of hazardous air pollutants reduced through the completion of phase I of the MACT-based standards (total of 96 MACT standards promulgated).
- Issued the "first" final residual risk standards and proposed an additional five rules; initiated standards development for additional residual risk rules.
- Initiated a fast-track system for the prompt and accurate development of the statute-driven area source standards - 30 are in progress.
- Promulgated the Clean Air Mercury Rule
- Developed tools for communities to facilitate local risk reduction efforts (Healthy Air Guide)
- Completed reconsideration process for CAMR (May 2006)
- Proposed stationary source standards for spark-ignited (SI) internal combustion engines (May 2006)
- Promulgated stationary source standards for compression ignition (CI) internal combustion engines (June 2006)

FY 2007 Milestones

- Propose and promulgate area source standards and residual risk standards according to court ordered schedule.
- Promulgate oil and natural gas production area source standard (under court order for December 2006).
- Propose rule to flexibly address area source standards for 112(k).
- Provide on-line risk reduction matrix for communities.
- Propose Federal Implementation Plan (FIP) for the Clean Air Mercury Rule (CAMR).
- Propose 112(k) area source standards for internal combustion engines (October 2006)

FY 2008 Milestones

- Promulgate area source rules for stationary internal combustion engine, hospital sterilizers, and gas distribution stage I (under court order for December 2007).
- Promulgate 112(k) area source standards for internal combustion engines (October 2006)
- Propose and promulgate additional area source standards and residual risk standards according to court ordered schedule.
- Promulgate rule to flexibly address area source standards for 112(k).
- Promulgate rule for TFLRD and GRRR.

FY 2009 Milestones

- Implement CAMR.
- Propose and promulgate area source standards and residual risk standards according to court ordered schedule.

FEDERAL VEHICLE AND FUELS STANDARDS AND CERTIFICATIONS

This program includes federal activities that support the development, implementation, and evaluation of regulatory, market-based, and voluntary programs to reduce pollutant emissions from mobile sources and fuels. Types of mobile sources addressed include: light-duty vehicles and engines (cars, light-duty trucks, and sport utility vehicles); heavy-duty engines (buses and large trucks); non-road vehicles/engines (construction and farm equipment); and fuels (diesel and gasoline). The strategy for reducing emissions from mobile sources includes four elements.

- Clean Vehicles: Develop, implement and ensure compliance with stringent emission standards for cars, light-duty trucks, sport utility vehicles, buses, large trucks, and non-road vehicles/engines.

- Clean Fuels: Implement cleaner gasoline and diesel fuel regulations and develop reformulated gasoline, diesel fuel, and non-petroleum alternatives.

- Clean Transportation Alternatives: Develop strategies to encourage transportation alternatives that minimize emissions and address continued growth in the amount of vehicle miles traveled.

- Clean Technology: Work with industry to certify low emission vehicles that use new engine technologies, such as clean diesel, exhaust gas recirculation for diesel, new catalyst technology, fuel cells, and hybrid-electric vehicles. Continue in-house assessment and development of clean engine and fuel technologies and conduct technology reviews to evaluate progress toward implementation of new vehicle and engine standards.

Status

- The light-duty vehicle program will continue to implement stringent Tier 2 vehicle standards. The in-use program is successfully finding and remedying in-use emission problems (over one million vehicles recalled annually). The heavy-duty program is beginning the implementation of standards which will be 95% more stringent. The heavy-duty in-use screening program is now in-place and certification and an in-use Federal Test Procedure (FTP) testing program is being developed. Toxics emission performance requirements for conventional gasoline and cleaner-burning reformulated gasoline have already been promulgated.

FY 2007 Milestones

- Promulgate a final rule to implement the Renewable Fuel Standard (RFS) as required by the Energy Policy Act of 2005.

- Promulgate a final rule to address emissions from small gasoline engines under 50 horsepower.
- Promulgate a final rule establishing on-board diagnostic (OBD) requirements for engines used in heavy-duty highway trucks.
- Promulgate a final rule addressing air toxics from mobile sources.
- Promulgate a final rule to apply advanced after-treatment technologies to locomotives and commercial marine engines and to require low sulfur content in their fuels.
- Promulgate a final rule establishing fuel economy label values.
- Begin implementation of a manufacturer-run in-use compliance program for heavy-duty diesel engines.
- Propose a rule to reduce emissions from large commercial ships.
- Propose a rule to review and revise the long-term emission standards for snowmobiles, consistent with a 2004 court-order.
- Propose a new harmonized test cycle for highway motorcycles.
- Begin conducting a Technology Review for nonroad diesel standards.
- Continue implementation of Tier 2 vehicle standards, 2007-2010 heavy-duty diesel standards, and low sulfur gasoline and diesel requirements.
- Continue development of a new transportation emission model (MOVES) and begin incorporating nonroad sources into the MOVES model.
- Regions continue their assistance to non-attainment areas in preparation of SIPs and in the implementation of federally-required control strategies, such as vehicle inspection and maintenance programs and state fuel programs.

FY 2008-2009 Milestones

- Continue to implement Energy Policy Act provisions, including implementation of the RFS standard, boutique fuel studies, a revision to the complex model, and a study on the health and environmental impacts of the renewable fuels standard.
- Promulgate a final rule to reduce emissions from large commercial ships.
- Promulgate revisions to long-term emission standards for snowmobiles.
- Promulgate a new harmonized test cycle for highway motorcycles.
- Propose a rule for an in-use compliance program for non-road diesel engines.
- Propose a regulation establishing OBD requirements for nonroad diesel engines.
- Begin a program for the control of off-cycle emissions of highway heavy-duty gasoline engines.
- Begin a program to establish supplemental test procedures for light-duty vehicles and chassis-certified heavy-duty engines.
- Begin a program to establish a manufacturer run in-use compliance program for light-duty vehicles.
- Continue implementation of Tier 2 vehicle standards, 2007-2010 heavy-duty diesel standards, and low-sulfur gasoline and diesel requirements.
- Continue implementation of the manufacturer-run in-use program for heavy-duty diesel engines.
- Begin implementation of fuel-related provisions in the mobile source air toxics rule.
- Continue development of the new transportation emission model (MOVES).

FEDERAL SUPPORT FOR AIR QUALITY MANAGEMENT

The federal support program includes Headquarters and Regional Office non-financial support to state, tribal, and local air pollution control agencies for the development, implementation, and evaluation of programs to implement the NAAQS and reduce Regional Haze. It also includes regular reviews of, revisions to, and establishment of standards for the criteria pollutants; the development of associated national guidance and outreach information for implementation of these standards; and development of emission limiting regulations for specific categories of stationary sources. The federal support program also includes working with other federal agencies to ensure a coordinated approach, and working internationally to address sources of air pollutants that lie outside our borders but pose risks to public health and air quality within the United States. Federal financial support is addressed under "State and Local Air Quality Management" and "Tribal Air Quality Management."

Over the next several years, our focus will be on implementing the $PM_{2.5}$ and 8-hour ozone standards. The Office of Air Quality Planning and Standards (OAQPS) and the Office of Atmospheric Programs (OAP) will work very closely to ensure that the implementation of CAIR is integrated with other NAAQS programs which will rely upon the reductions which CAIR will achieve. $PM_{2.5}$ nonattainment areas will need the reductions from CAIR to aid in achieving attainment. To a much lesser extent, ozone attainment will also rely on CAIR reductions. A third program where CAIR is important is Regional Haze. The integration of CAIR reductions into the Regional Haze program from the perspective of EGU BART and overall reasonable progress is an important one. Finally, the coordination of the multi-pollutant benefits of CAIR with CAMR is an important role which OAQPS must fulfill.

We will continue to work with states and local air quality and transportation agencies to implement transportation conformity regulations and to ensure the technical integrity of mobile source controls in SIPs. We will also work with states, tribes, and local governments and assist them in crafting strategies that accommodate growth and economic development while minimizing adverse effects on air quality and other quality-of-life factors. This includes the development of vehicle inspection and maintenance programs to identify faulty emission controls and efforts to ensure their repair so vehicles remain clean throughout their useful life.

We have been working with states, tribes, and local agencies over the past several years to develop an integrated ambient monitoring strategy that will refocus the existing air monitoring program towards current data collection needs for ozone, PM, and air toxics. Early in FY 2007 these efforts will culminate in promulgation of a final rule to revise the ambient air monitoring regulations and a final National Ambient Air Monitoring Strategy document. In FY 2007, we will work with state and local agencies, and tribes as applicable, to implement these requirements. This national monitoring strategy will provide agencies with more flexibility in designing their networks.

Status (Activities being completed in FY 2006)

8-hour Ozone NAAQS Activities

- Eight nonattainment areas were redesignated to attainment (1 moderate area and 7 subpart 1 (or "basic") areas).
- States submit emission inventory SIPs by 6/15/06 for subpart 2 8-hour ozone nonattainment areas.
- States submit RACT SIPs by 9/15/06 for subpart 2 moderate and above 8-hour ozone nonattainment areas.
- Rulemaking completed on Dallas, TX early 8-hour ozone attainment demonstration under 40 CFR 51.905(a)(1)(i)(C).
- Complete proposed rule for RFP milestone compliance demonstrations under §182(g) of the CAA for the 8-hour ozone NAAQS.
- Petitions for reconsideration
    - On May 26, 2005 (70 FR 30592), a final rule was issued in which EPA reconsidered two issues raised in the petition for reconsideration on the Phase 1 Rule to implement the 8-hour ozone NAAQS. In that rule, EPA reaffirmed that the CAA §185 fee provisions would no longer be applicable upon revocation of the 1-hour NAAQS (June 15, 2005) and the timing for determining what are "applicable requirements" for purposes of anti-backsliding was changed to June 15, 2004. While not addressed in the petition for reconsideration, this rule also made the determination that contingency measures for failure to make reasonable further progress or attain by the applicable attainment date for the 1-hour NAAQS was not required after revocation of the 1-hour NAAQS. In addition, we added the requirement to submit attainment demonstrations to the list of "applicable requirements" in §51.900.
    - On July 8, 2005 (70 FR 39413), a final rule was issued in response to a petition for reconsideration of the Phase 1 Rule to implement the 8-hour NAAQS in which EPA reaffirmed that the requirements for nonattainment major NSR under the 8-hour ozone NAAQS will be based on a nonattainment area's classification for the 8-hour ozone NAAQS, and that states may remove their 1-hour major NSR programs from their SIPs upon revocation of the 1-hour NAAQS.
    - In response to a petition for reconsideration of the Phase 1 Rule to implement the 8-hour ozone NAAQS, a proposed rule was developed on overwhelming transport classifications for 8-hour ozone nonattainment areas. The action is currently at OMB. The proposal requests comment on the draft overwhelming transport guidance and reopens the public comment period on EPA's proposed rule regarding how the CAA's general requirements for nonattainment areas would apply to areas with an overwhelming transport classification. We are in the process of revising the current proposal to remove language which would have modified the criteria for the overwhelming transport classification and we have recently alerted OMB to this change.
    - EPA is still deliberating action on the NPRA and API petitions relating to the nonattainment classification system and attainment dates.
- EPA is still developing materials for defense in litigation on the Phase 1 implementation rule.

Air Quality Management Process Activities

- Under AQM project 2.3, will issue a document for emission reduction credits for under-regulated/ unregulated consumer product sources.

VOC Control Activities

- Guidance document for Stage II "widespread use." issued
- Complete proposed rule for exemption of hydrofluoropolyethers (HFPE) (4 compounds).

NOx SIP Call Activities

- Published notice making findings of failure to submit complete SIPs for Phase II of the NOx SIP Call on 2/8/06. EPA made findings for Indiana, Illinois, Kentucky, Michigan, and Virginia.
- The Regions are working closely with these states and expect all states to submit complete Phase II NOx SIP Call SIPs before the end of 2006.
- Propose a response to Petition for Reconsideration of the inclusion of Georgia in the NOx SIP Call. The petition was filed by the Georgia Coalition for Sound Environmental Policy. The NOx SIP Call requirements for Georgia have been stayed for the period of time that we review and respond to the petition.

CAIR Activities

- Notice of Reconsideration - signed 11/22/05
- Supplemental Notice of Reconsideration - signed 12/22/05
- Final Notice of Reconsideration - to be signed 3/15/06
- 7 Letters Denying Reconsideration - to be signed 3/15/06
- Final §126 Response and CAIR FIP - to be signed 3/15/06
- Final Rule to include DE and NJ in CAIR for $PM_{2.5}$ - to be signed 3/15/06

Early Action Compact's and Innovative/Voluntary Programs

- Received, reviewed and took rulemaking action as appropriate on SIPs for 31 areas participating in the EAC program
- Extended to 12/31/06 the effective date of 8-hr ozone nonattainment designation for EAC areas that submitted EPA-approved SIPs
- Implemented innovative air strategies programs:
- Conducted an Air Innovations Conference
    - Approximately 350 state, local, and tribal air quality officials, energy and transportation planners, industry and non-governmental organizations attended the second annual (2005) Air Innovations Conference in Chicago. The purpose of the conference was to provide state, local, and tribal attendees (the primary focus) opportunities to learn about new and non-traditional technologies and strategies that are achieving air quality benefits.
    - Completed an Air Innovations web site.
    - Began developing an Air Innovations Clearinghouse.
    - Published articles to raise awareness of air quality innovations and to highlight upcoming activities.
- Prepared SIP guidance for voluntary measures programs. The "Bundled Measures Guidance" ("Guidance on Incorporating Bundled Measures in a State Implementation

Plan") provides guidance to states and local areas on SIP credit from a group (or "bundle") of pollution control measures or strategies considered in the aggregate.

- Draft 8-hour Ozone Flex Guidelines. On January 11, 2006 OAQPS transmitted draft guidelines for the 8-hour Ozone Flex Program to several outside groups for review, including STAPPA/ALAPCO, NESCAUM, the Tribal Air Workgroup, and representatives of the national environmental organizations. This program allows a community (including tribes) located in an 8-hour ozone attainment area to enter into a voluntary agreement with EPA and the state to prevent a violation of the ozone standards by implementing local measures to correct the air quality problem.
- Draft Woodstove Changeout Program Guidance ("Guidance for Quantifying and Using Emission Reductions from Voluntary Woodstove Changeout Programs in State Implementation Plans").

General Conformity

- Propose and finalize de minimis emission levels for Federal agencies to use in analyzing General Conformity applicability in $PM_{2.5}$ non-attainment areas.
- Propose revisions to the General Conformity regulations to provide for greater flexibility and smoother implementation of General Conformity requirements.

PM/Regional Haze

- Completed designations for $PM_{2.5}$ areas including responses to petitions for reconsideration.
- Promulgated the CAIR FIP and response to North Carolina §126 petition.
- Responded to all petitions for reconsideration of CAIR.
- Developed the proposed $PM_{2.5}$ Implementation rule and published on November 1, 2005.
- Published proposed revisions to PM NAAQS and ambient PM monitoring regulations on January 17, 2006
- Published the Final BART rule on July 6, 2005, and signed June 15, 2005.
- Publish the final rule providing requirements for an emissions trading program that can satisfy BART under the Regional Haze Program
- Issue final Guidance for Setting Reasonable Progress Goals Under the Regional Haze Program.

Ambient Monitoring

- Published proposed revisions to the ambient air monitoring regulations and issued a revised draft National Ambient Air Monitoring Strategy. The proposed regulation changes included a new Federal Reference Method for $PM_{10-2.5}$ and other changes needed to support implementation of the proposed revisions to the PM NAAQS.
- Developed an action plan for achieving consistency between urban (STN) and rural (IMPROVE) $PM_{2.5}$ carbon speciation networks so that data can be compared between these two networks to assess transport versus local generated contributions to $PM_{2.5}$ in urban areas. Up to 54 sites will be converted in 2006.

FY 2007 Milestones

Ozone

Headquarters

- Promulgate 5 category actions for §183(e) consumer product rules: 1 rule, 3 Control Techniques Guidelines (CTGs) for VOC stationary sources; and 1 rule for VOC mobile sources.
- Provide annual ozone air quality reports to Regions by August 1, 2006.
- Work with Regions to encourage and support innovative and voluntary projects.
- Provide guidance as needed to Regions on implementation of 8-hour ozone NAAQS.
- Provide support in responding to litigation as necessary on rules for implementation of 8-hour ozone NAAQS.
- Lead effort to harmonize $PM_{2.5}$ and ozone SIPs.
- Provide final deferral for EAC areas with deferred designation dates for areas that meet the terms of their EACs.
- Provide support in responding to litigation as necessary on CAIR.
- Withdraw CAIR FIP for states that have approved CAIR SIPs.
- Work with Regions to provide tribes assistance on SIP implementation, e.g. workshops.
- Provide support to Regions as they process redesignation requests to attainment for marginal areas that have attained.

Regions

- Take rulemaking actions on ozone RACT SIPs within 18 months of receipt.
- Take rulemaking action on CAIR SIPs within 18 months of receipt.
- As appropriate, continue to monitor progress, evaluate June progress reports, and provide assistance to EAC areas.
- Review 8-hr ozone air quality reports and work with states to develop appropriate actions dealing with areas newly discovered violating the 8-hr ozone NAAQS.
- As necessary, process conformity determinations for nonattainment and maintenance areas, for the 8-hour ozone standard submitted by states.
- Review and take any necessary action on emission inventory submittals from states.
- Review and take action within 18 months of receipt of any redesignation requests.
- Complete rulemaking action on any remaining 1-hour ozone obligations submitted under 40 CFR 51.905(a) within 18 months of receipt.

Particulate Matter

Headquarters

- Provide annual $PM_{2.5}$ air quality reports to Regions by August 1, 2006.
- Disseminate information regarding decisions on review of $PM_{2.5}$ NAAQS and potential PM coarse NAAQS completed in September 2006.
- Start designation process for revised PM NAAQS (if applicable) by issuing designation guidance.
- Begin transition from current to revised PM standards.
- Develop designation/implementation guidance for revised PM NAAQS.
- Work with Regions to encourage and support innovative and voluntary projects.

- Finalize 1997 $PM_{2.5}$ NAAQS Implementation Rule.

Regions

- Review $PM_{2.5}$ air quality reports and work with states to develop appropriate actions to deal with areas newly discovered violating the $PM_{2.5}$ NAAQS.
- Take rulemaking action on CAIR submittals - with state NOx allocations.
- Work with states to develop recommendations for 2006 PM NAAQS designations.
- Work with states to develop and review draft 1997 $PM_{2.5}$ NAAQS SIPs.
- As necessary, process conformity determinations for nonattainment and maintenance areas, for $PM_{2.5}$ standard submitted by states.
- Review and take necessary action on emission inventory/modeling submittals from states.
- Review and take action within 18 months of receipt of any redesignation requests.
- Work with states to encourage and support innovative and voluntary projects.
- Complete rulemaking actions on any remaining PM_{10} SIPs for existing PM_{10} nonattainment areas within 18 months of receipt.

Regional Haze

Headquarters

- Finalize 1997 $PM_{2.5}$ NAAQS Implementation Rule.
- Continue outreach to Federal Land Managers (FLMs) on regional haze issues.
- Continue to coordinate with Regions and provide technical and policy assistance on Regional Haze SIPs and issues, including BART and reasonable progress.

Regions

- Continue to work with RPOs and states on 308 and 309 SIP development and issues, including BART and reasonable progress.
- Review and comment on early drafts of Regional Haze SIP elements.
- Continue to work with RPOs to complete the technical analysis and documentation to support states' Regional Haze SIPs.
- Continue to coordinate with FLMs on regional haze issues.

CO, SO_2, Lead, NO_2, and PM_{10}

Headquarters

- Provide annual air quality reports to Regions by August 1, 2006.

Regions

- Review annual air quality reports and work with states to develop appropriate actions addressing areas newly discovered violating the NAAQS for these pollutants.
- Review and take action within 18 months of receipt of any redesignation requests.
- As necessary, process conformity determinations submitted by states.

Ambient Monitoring Programs – NAAQS

Headquarters

- Manage the national contracts for filter purchases.
- Monitor timeliness and completeness on the national scale for EPA-supported monitoring and flag still-unresolved issues for Regional Office resolution.
- Monitor for backlog of unresolved critical review records and flag each quarter for Regional Office resolution.
- Review data certification documentation and set certification flags on AQS data where certification/QA requirements have been met
- Issue data summaries on precision and bias performance.
- Coordinate with Regions to ensure adequate and independent QA of NAAQS monitoring sites.
- Issue data summaries on PEP and NPAP findings.
- Manage the national contract for laboratory analysis of filters for speciation including providing data for review by states and submitting data to AQS. Certify data on AQS.
- Provide equipment and installation/training support for changeover to IMPROVE-style carbon samplers at 52 of the remaining $PM_{2.5}$ speciation trends and supplemental sites, via national contractor/vendor.
- Hold one national conference on ambient monitoring and one national AQS conference, both with optional training day(s). Present one conference session on monitoring QA as part of the national EPA QA conference.
- Award/manage interagency agreement with National Park Service for operation of IMPROVE monitors for regional visibility. Allow states/tribes to use this mechanism for IMPROVE-protocol sampling at other locations.
- Issue network design guidance for the revised 24-hour $PM_{2.5}$ NAAQS and the $PM_{10-2.5}$ NAAQS.
- Issue guidance on funding for newly required $PM_{10-2.5}$ monitoring by April 2007.
- Review and approve/disapprove requests for Federal Equivalent Methods (FEM) for continuous $PM_{2.5}$ methods within 120 days of application, and similarly act on each first request for each Approved Regional Method (ARM).
- Encourage, review and approve/disapprove requests for Federal Equivalent Methods for $PM_{10-2.5}$ within 120 days of application.
- Assist Regions and states in assessing existing PM_{10}, SO_2, CO, NO_2, and Pb monitoring sites for possible discontinuation.
- Finalize data objectives, network assessment guidance and other technical guidance for new types of ambient monitoring, e.g., precursor gas monitoring at NCORE multi-pollutant sites, and other aspects of the National Ambient Air Monitoring Strategy, by January 2007, reflecting provisions of final rule of Sept. 2006.
- Assist Regions, states, local, and tribal agencies in understanding the provisions of the final monitoring regulations and National Ambient Air Monitoring Strategy and in developing required monitoring plans for $PM_{10-2.5}$ and NCore multi-pollutant monitoring sites.

Regions

- Identify and resolve completeness and timeliness issues with regard to CFR-required quarterly data submission by state/local monitoring agencies.
- Perform ongoing critical review of data records automatically flagged by AQS as unusual, and resolve with affected state/local agencies.
- Evaluate state/local annual data certification requests and documentation for CY 2006 and forward to HQ when complete and adequate in the view of the Regional Office.
- Review precision and accuracy results for state/local monitoring given in annual network reports and seek corrective action by monitoring agencies where needed.
- Review all requests for changes in state monitoring plans and act on requests within 120 days.
- Manage contracts for independent performance audits of state/local monitor networks (PEP and NPAP), for those states choosing that approach to independent audits. (Not applicable to all Regions.)
- Perform Technical Systems Audits on 1/3 of state/local monitoring organizations.
- Transfer tribal STAG funds to OAQPS for any tribal monitoring sites at which the IMPROVE program is requested to provide on-site technical support and laboratory services for the July 1, 2007 to June 30, 2008 period, by May 2007.
- Ensure all state/local monitoring organization quality management plans (QMPs) and QAPPs have been approved and reflect the current network.
- Work with states to implement revised monitoring rules, including conducting hold workshops (or equivalent training process) to assist S/L/Ts in understanding changes in monitoring rule and strategy, conducting network assessments, implementing the quality system, and developing plans for changes.
- Regions support states in operating at least one NCore multi-pollutant precursor gas sites established with FY 2006 or earlier funds and reporting data from this site to AQS.

Title V and New Source Review

Headquarters

- HQ will work with Regions and the Office of General Counsel to complete action on 85% of petitions received in past year and 100% of petitions with court-ordered deadlines
- Annually compute percentages of new and significant permit modifications of Title V permits issued within 18 months of complete application for purposes of reporting progress with respect to annual performance targets.
- Annually compute percentage of major NSR permits issued within 12 months of complete application.
- Compute national totals from data reported by Regions in TOPS for purposes of tracking program progress.
- Support Regions in issuance of permits and evaluations of Title V and NSR permit programs.
- Support tribal efforts in developing Title V and NSR permitting programs and delegation requests.
- Continue to assist Regions on NSR regulatory revisions and proposed regulations.
- Continue to modify existing NSR permit regulations, as necessary, to be consistent with the Agency's "Clean Air" initiatives, and the ozone and particulate matter NAAQS.

- Prepare and issue final order on citizen petitions based on draft from Region.
- Provide training and technical guidance to the Regions on final new regulations, as necessary.

Regions

- Report outstanding renewals of Title V permits (permits older than 5 yrs that have not been renewed) in TOPS.
- Perform one-quarter of follow-up Title V program evaluations for programs with at least 20 permits pursuant to Feb 2005 OIG report and set target to issue evaluation report within 120 days of evaluation.
- Review proposed initial, significant modifications and renewal operating permits, as necessary, to ensure consistent implementation of the Title V program.
- Report active Title V permits via TOPS and update all applicable TOPS data.
- Prepare draft orders to citizen (public) petitions. (Note process in 2/15/06 HQ guidance.) Issue Title V permits to respond to objections where the permitting authority refuses to act.
- Complete any remaining first-round Title V permit program evaluations pursuant to the March 2002 OIG report.
- Continue outreach to the public such as promoting the Title V web-based citizen training
- Evaluate NSR permit programs, as warranted.
- Provide training and technical guidance and support to permitting authorities and the public, as necessary.
- Take action on all NSR Reform SIP/TIPs submitted in FY 2006 within 18 months of receipt.
- Complete issuance of initial Title V permits on tribal and other federal lands.
- Review new NSR/PSD permits and major NSR/PSD modification permits submitted by states to insure consistent implementation of the NSR program.
- Enter state-submitted permit timeliness data into the TOPS system semi-annually.
- Issue all remaining initial PArt 71 Title V permits and any permit modifications or renewals due in Indian country
- Issue any major PSD permits in Indian county.

Mobile Source Programs

Headquarters

- Work with the Regions to assist states in developing and implementing Inspection and Maintenance (I/M), On-board Diagnostics (OBD) programs, and fuel programs.
- As necessary, assist Regions in processing conformity determinations for non-attainment and maintenance areas for the 8-hour ozone and $PM_{2.5}$ standards submitted by states.
- As necessary, assist Regions in making adequacy determinations for identified mobile source budgets included in 8-hour ozone control strategy SIPs submitted by states.

Regions

- Assist states in developing and implementing mobile source control strategies such as I/M OBD programs and state fuel programs.

- Assist state and local agencies in evaluating and promoting public comprehension of the need to maintain vehicles when OBD light is illuminated.
- Assist states and local air quality and transportation agencies in future conformity determinations as needed.
- As necessary, process conformity determinations for non-attainment and maintenance areas, for the 8-hour ozone and $PM_{2.5}$ standards submitted by states.
- Complete processing of transportation conformity SIPs submitted by states in FY 2007 as necessary.
- Make adequacy/inadequacy determinations, as necessary, for identified mobile source budgets included in 8-hour ozone control strategy SIPs submitted by states and/or approve/disapprove such budgets at the time of SIP processing.
- Work with OTAQ to continue to provide training in the use of the MOBILE6 model, and review modeling results for state and local agencies.
- Work with states to develop creditable mobile source programs.

Environmental Management Systems

Regions

- In accordance with EPA's May 2002 Position Statement on Environmental Management Systems (EMS), Regional air programs are encouraged to undertake activities to encourage the use of EMS to improve environmental performance and compliance, and prevent pollution. These Region-wide activities include: ensuring completion of basic EMS awareness training for managers and staff; promoting EMS to key industry sectors; and working with facilities and states to develop facility-specific or state-wide approaches to promote EMS (e.g., pilot projects, facility-specific marketing, and technical assistance).

FY 2008 Milestones

Headquarters

- Provide annual air quality reports for all criteria pollutants to Regions by August 1, 2008
- Work with Regions to encourage and support innovative and voluntary projects. Publish final determination of attainment or nonattainment for EAC-deferred areas.
- Provide guidance as needed to Regions on implementation of 8-hour ozone NAAQS.
- Provide technical assistance on the Agency's "Clean Air" Initiatives, the ozone and PM NAAQS, and other programs.
- Provide support in responding to litigation as necessary on CAIR.
- Assist Regions in implementing the final regulations for new and modified sources in Indian country.
- As necessary, assist Regions in processing conformity determinations for non-attainment and maintenance areas for the 8-hour ozone and $PM_{2.5}$ standards.
- As necessary, assist Regions in making adequacy determinations for identified mobile source budgets included in 8-hour ozone control strategy SIPs submitted by states.

Regions

- Take rulemaking action on all 8-hour ozone NAAQS implementation SIPs submitted in FY 2007 (emission inventories/attainment demonstrations/RACM analyses, RFP SIPs, 110(a)(1) maintenance SIPs, and remainder of RACT SIPs).
- Review 8-hr ozone air quality reports and work with states to develop appropriate actions dealing with areas newly discovered violating the 8-hr ozone NAAQS.
- Review and take action within 18 months of receipt of any redesignation requests.
- Provide technical assistance on the SIP equivalency.
- Provide technical assistance on the NSR regulations.
- Provide technical assistance on the Agency's "Clean Air" Initiatives, the ozone and PM NAAQS, Regional Haze, and other programs.
- Conduct reviews of states' final ozone, PM, and Regional Haze SIPs due in 2007 and 2008.
- Conduct reviews of 2008 Reasonable Further Progress plans for areas projected to attain revised PM2.5 NAAQS more than 5 years from the date of designation
- Review BART determinations in Regional Haze SIPs.
- Implement recommendations of the OIG related to its Title V Program Review.
- Perform quarter of Title V program evaluations for programs with at least 20 permits pursuant to Feb 2005 OIG report and set target to issue evaluation report within 120 days of evaluation.
- Assist states and local air quality and transportation agencies in future conformity determinations as needed.
- As necessary, process conformity determinations for non-attainment and maintenance areas for the 8-hour ozone and $PM_{2.5}$ standards.

FY 2009 Milestones

Headquarters

- Provide annual air quality reports for all criteria pollutants to Regions by August 1, 2009
- Work with Regions to encourage and support innovative and voluntary projects
- Provide guidance as needed to Regional Offices on implementation of 8-hour ozone NAAQS.

Regions

- Make findings whether subpart 1 ("basic") 8-hour ozone nonattainment areas attained by their attainment date in 2008.
- Take action to approve or disapprove requests for 1-year or up-to-5-year attainment date extensions for subpart 1 ("basic") areas.
- Conduct any permitting authority NSR and Title V Program Reviews not already completed. Set target to issue evaluation report within 90 days of evaluation.
- Provide technical assistance on the NSR regulations.
- Assist Regions in implementing the final regulations for new and modified sources in Indian country.
- Review demonstrations of additional time needed for implementation of selected $PM_{2.5}$ RACT controls if not complete by January 2009.

- Provide technical assistance on the Agency's "Clean Air" Initiatives, the ozone and PM NAAQS, Regional Haze, and other programs.
- Conduct reviews of states' final ozone, PM, and Regional Haze SIPs due in 2007 and 2008 and propose rulemaking actions as appropriate.
- Implement recommendations of the OIG related to its Title V Program Review.
- Perform quarter of Title V program evaluations for programs with at least 20 permits pursuant to Feb 05 OIG report and set target to issue evaluation report within 120 days of evaluation.
- Provide technical assistance on the SIP equivalency.
- Provide technical assistance on the NSR regulations.
- Assist states and local air quality and transportation agencies in future conformity determinations as needed.

FEDERAL SUPPORT FOR AIR TOXICS PROGRAMS

The federal support program includes Headquarter and Regional Office non-financial support to state, tribal, and local air pollution control agencies for: modeling, inventories, monitoring, assessments, strategy and program development; community-based toxics programs; voluntary programs including those that reduce inhalation risk and those that reduce deposition to water bodies and ecosystems; voluntary efforts to address emissions from the 11 million existing diesel engines that are not subject to the new, more stringent emission standards that take effect in 2007 and later; international cooperation to reduce transboundary and intercontinental air toxic pollution; National Toxics Inventory (NTI) development and updates; Great Waters; and Persistent Bioaccumulative Toxics (PBT) activities. It also includes training for air pollution professionals. In addition, it includes activities for implementation of MACT standards and the National Air Toxics Assessment (NATA). Our strategy has five components:

- Work with partners to operate a national air toxics monitoring trends network, to support short-duration local-scale monitoring studies, and to develop improved emission factors.
- Implement a residual risk program and support community assessment and risk reduction projects, and compile and analyze the information collected from them to better characterize risk and assess priorities for further action.
- Provide technical expertise and support to state, local, and tribal air toxics programs in assessing and reducing mobile source air toxics.
- Continue to develop and improve risk assessments and management methodology.
- Innovative approaches to complement regulatory efforts, such as diesel engine retrofits, rebuilds and replacements, and anti-idling measures, that will achieve emission reductions from the existing diesel fleet not subject to new emission standards.

EPA activities that assist in the toxics reduction strategy include EPA's National Emissions Inventory (NEI), NATA, air quality modeling, the National Clean Diesel Campaign, and data analysis programs. In addition, the Air Toxics Monitoring Program indirectly and in some cases directly supports all the technical tools as well as the programs noted above.

Status

- Ensured the development of a risk-assessment library that will enable the EPA Regional Offices, our regulatory partners, and other stakeholders to better understand our residual risk rules and how to implement them. We have completed:
    - Volume 1: Technical Resource Manual;
    - Volume 2: Facility-Specific Assessment); and,
    - Volume 3: Community-Scale: Assessment.
- The final 1999 NATA was released in February 2006.
- The final 2002 NEI was completed in February 2006.
- Ambient air toxic monitoring for 16 local communities began in early 2005; an additional 19 local-scale projects will begin in 2006.
- The first residual risk standard was proposed in March 2005.
- Provided online risk reduction matrix to support community efforts.
- Proposed innovative regulatory approach to address area sources.
- On December 9, 2005, EPA published a Final Rule to Exempt Area Sources Subject to NESHAPs from Federal and State Operating Permit Programs. The rule permanently exempts from the Title V operating permit program five categories of non-major (area) sources. The five source categories are dry cleaners, halogenated solvent degreasers, chrome electroplaters, ethylene oxide (EO) sterilizers and secondary aluminum smelters. Each category is subject to a National Emission Standard for Hazardous Air Pollutants (NESHAP).

FY 2007 Milestones

Headquarters

- Complete and peer review draft 2002 NATA.
- Begin compiling the 2005 NEI for HAPs.
- Work with Regions to support ongoing and expanded community air toxics program efforts ((i.e., Urban Air Toxics Strategy (UATS) and Community Action for a Renewed Environment (CARE)).
- Continue development of tool guidance for communities.
- Work with the Regions to encourage, support, and/or assist states, local agencies, and tribes (S/L/Ts) to develop and implement voluntary air toxics programs that address outdoor, indoor, and mobile sources.
- Work with Regions to assist and support the National Clean Diesel Campaign.
- Work with Regions to assist S/L/Ts in developing voluntary mobile source air toxics programs and to implement voluntary emission control retrofit programs for existing heavy-duty diesel engines, school buses, construction equipment, and ports.
- Manage national contract to support community toxic efforts.
- Work to resolve §129 litigations (5-ongoing).
- Continue coordinating §129 Workgroup calls with Regions in order to facilitate §129 plan implementation and enforcement.
- With regard to Ambient Toxics Monitoring:
    - Target FY 2007 funds for NATTS grants to affected Regions, along with guidance on network changes if developed in FY 2006.
    - Manage national contract for NAATS lab analysis.

- Conduct Proficiency Testing and Technical System Audits for national contract lab and state/local/tribal labs servicing NATTS, and report results annually.
- Provide national/regional-scale analysis of currently available (i.e., through most or all of 2006) air toxics data by September 2007, with conclusions relevant to air quality management and to establishing future goals for the NATTS program and other monitoring initiatives. Hold Annual National Air Toxics Data Analysis Workshop by September 2007.
- Conduct the FY 2007 competition for community scale air toxics monitoring projects. Issue the Request For Applications by April 2007.
- Provide guidance to Regions for negotiating individual air toxics monitoring grants to ensure that data meets risk screening, risk characterization, and/or risk assessment requirements where appropriate given study objectives that were material in selecting the project for funding.
- Provide mechanism for optional participation of state/local laboratories in Proficiency Testing and Technical System Audits (at cost).
- Provide tools and guidance for analyzing local air toxics data for air quality management implications.
- Review Technical Assistance Document and Standard Operating Procedures for monitoring site and laboratory sample analysis operations; update as appropriate.

Regions

- Assist HQ, as appropriate, in development of area source standards and residual risk analysis.
- Assist S/L/Ts, as appropriate, in preparing and quality assuring the 2005 emission inventories for HAPs and ensure timely submission to HQ.
- Collaborate, as appropriate, with HQ on NEI Reinvention by providing input on the best methods for developing an integrated HAP/CAP emission inventory.
- As appropriate, assist HQ with development of innovative, flexible programs such as TFLRD, GRRR, and generic GACT.
- Review NATA updated with 2002 data, when available.
- Assist S/L/Ts, where appropriate, in conducting data analysis and assessment for air quality management implications in general. (Applicable to states conducting air toxics monitoring regardless of funding source.)
- Work with all states and tribes to create an emission reduction program for CAMR by November 2006.
- Delegate and provide implementation assistance to S/L/Ts for toxics requirements as needed. This includes the residual risk and the area source programs.
- Work with states and tribes on establishing infrastructure to implement the risk based air toxics program including area sources focusing on urban areas first.
- Work with HQ and communities to identify sources of air toxics from indoor and outdoor sources and implement voluntary air toxic reduction programs in their communities including CARE communities/projects, when appropriate.
- Provide training to states and tribes on air toxics program requirements.
- Work with HQ to assist in developing voluntary, mobile source air toxics programs and implement voluntary programs to reduce diesel emissions, including diesel engines in school buses, ports, construction, freight, and agriculture.

- With regard to Ambient Toxics Monitoring:
    - Participate in at least 50% of TSA lab and field site audits.
    - Track status and coordinate needed follow-up actions between the program office and S/L/Ts in support of the NATTS QA program (e.g., TSA and PT activities).
    - Provide technical staff to assist in review of FY 2007-funded grant applications.
    - Review QA programs and ensure compatibility of air toxics measurements across projects and with NATTS.
    - Ensure QAPPs for NATTS operation are adequate to provide quality data for submission to AQS and that project results meet approved QAPP requirements.
    - Assess and review existing air toxics networks, and assist S/L/Ts in siting, installing, and operating new and upgraded toxic monitoring equipment.
- Work with HQ to develop and implement the CARE program. Assist with the award of CARE grants and work with the communities that receive the CARE grants.
- Work with state, local, and tribal agencies on community-based projects including CARE to obtain reductions from mobile, indoor, and stationary sources.
- In accordance with EPA's May 2002 Position Statement on Environmental Management Systems (EMS), Regional air programs are encouraged to undertake activities to encourage the use of EMS to improve environmental performance and compliance, and prevent pollution. These Region-wide activities include: ensuring completion of basic EMS awareness training for managers and staff; promoting EMS to key industry sectors; and working with facilities and states to develop facility-specific or state-wide approaches to promote EMS (e.g., pilot projects, facility-specific marketing, and technical assistance).

FY 2008 Milestones

Headquarters

- Finalize the 2005 NEI for HAPs and CAPs.
- Assess NATTS and local-scale ambient air toxics data through 2007 via trends, precision and accuracy, and other appropriate measures, as well as emissions data from the 2005 NEI.
- Initiate 2005 NATA assessment.
- Continue the national air toxics monitoring effort.
- Continue analysis of NATTS data thru the 2007 monitoring season via assessing trends, precision, and accuracy.
- Include PAMS, IMPROVE, and other pertinent toxics data, to include those S/L/T data collected beyond these specific programs, in the ambient monitoring data analysis effort.
- Continue air toxics measurement implementation plans (MIPs) for use of "toxicity-weighted" emission inventory measure as a surrogate to measure the percent change in risk to the public.
- Transition from existing toxicity-weighted emissions inventory measure to a more direct measurement of predicting exposure and risk to the public.
- Target analysis for community risk assessments.
- Work with Regions to assist all S/L/Ts to develop and implement voluntary air toxics programs that address outdoor, indoor, and mobile sources.
- Work with Regions to assist all state, local and tribal governments to develop voluntary, mobile source air toxics programs and implement the National Clean Diesel Campaign.

- Finalize the CAFO strategy.
- Publish NATA updated with 2002 data

Regions

- Delegate and provide implementation assistance to S/L/Ts for §111, §112, and §129 standards, as needed. This includes the residual risk and the area source programs.
- Work with S/L/Ts to identify and/or reduce risk from hazardous air pollutants, encouraging voluntary and innovative reductions of air toxics from indoor and outdoor sources, as appropriate and reasonable.
- Assist S/L/T as appropriate in reviewing the draft 2005 NEI for HAPs and CAPs.
- Support community based risk reduction efforts.
- Work with HQ to assist interested S/L/Ts to develop voluntary, mobile source air toxics programs, and implement voluntary emission control retrofit programs for existing heavy-duty diesel engines/school buses/construction equipment/ports.

FY 2009 Milestones

- Begin NATA updated with 2005 data.
- Delegate and provide implementation assistance to S/L/Ts for §111, §112, and §129 standards, as needed. This includes the residual risk and the area source programs.

STATE AND LOCAL AIR QUALITY MANAGEMENT

The state and local air quality management program includes funding to assist state and local air pollution control agencies in developing and implementing programs to attain and maintain the NAAQS and to assess, prevent and control air pollution. The program also provides funding to regional haze planning organizations, interstate transport commissions, and other multi-jurisdictional organizations (which include state and local representation), and funding to help coordinate air quality improvement efforts from a multi-jurisdictional perspective. Funding is also provided on a competitive basis to reduce diesel emissions from the existing diesel fleet and from school buses through the Clean School Bus USA program. State, local, and tribal agencies also maintain Title V operating permit programs for major stationary and other sources but Title V activities are funded through permit fees and are not grant-eligible.

Continuing state and local air programs are funded under §105 of the CAA with recipient agencies providing matching resources at no less than 40% of the total approved CAA §105 program costs. Section 103 provides 100% federal funding to state, multi-jurisdictional, and local entities, including universities and other non-profits, to conduct studies, investigations, experiments, demonstrations, surveys, training, and certain forms of research, on the nature, prevention, causes and effects of air pollution. Eligibility for some grants awarded under CAA §103 authority may be limited to certain types of applicants pursuant to specific conditions outlined in EPA's budget request or contained in the Agency's enacted budget. Interstate air pollution control agencies, including interstate transport commissions, receive funds under CAA §106 which also requires a recipient match. Additional information on the use of State and Tribal Assistance Grants (STAG) is contained in Appendix A.

Strategy

EPA's overall strategy for achieving clean outdoor air includes a comprehensive, multi-pollutant approach that combines national, regional, and local measures, with responsibilities for implementation carried out by the most appropriate and effective level of government. Problems with broad national or global impact are best handled at the federal level. State, local, and tribal agencies can best address regional and local problems that remain after the application of federal measures. In implementing the state and local air quality management component of this strategy EPA will:

- Work with state, local, and other governmental partners to target available STAG resources to those air pollution problems which pose the greatest risk to public health (e.g., fine particulates, ozone, and hazardous air pollutants);

- Allocate resources to address not only the attainment of $PM_{2.5}$ and 8-hour ozone NAAQS, but also support ongoing state and local air program operations and delegated programs which help maintain healthy air quality;

- Encourage support for regional and community-scale strategies that complement the impacts of federal measures (i.e., early ozone reductions, voluntary diesel retrofits and other mobile source initiatives, integrated air toxics risk assessment and reduction projects);

- Target significant resources to recipients to develop, refine, and maintain monitoring systems and emission inventories which help provide a clear picture of the nature and sources of air pollution and help gauge the impacts of preventive and mitigative measures employed;

- Support the efforts of regional haze planning organizations to develop information and strategies for use by states and tribes in reducing haze and improving visibility across the country, including formerly pristine areas;

- Provide resources that focus on transboundary or binational, geographically-specific environmental issues involving a multi-pollutant, multi-state, and sometimes a multi-media approach;

- Provide support for training and other associated program support to assist state, local, multi-state, and other agencies in addressing their air pollution problems; and

- Provide resources to eligible entities to support diesel engine retrofits, rebuilds and replacements, and anti-idling measures that target reductions from the existing diesel fleet in five sectors: freight, construction, school buses, agriculture, and ports.

Inherent in these efforts is EPA's policy to ensure that collaborative and timely consultation occurs with its partners in the areas of planning, priority-setting, and budgeting. It is the policy of OAR and the Regions to seek prior consultation with its partners on the allocation of grant resources. EPA will continue to work with the Environmental Council of States (ECOS), the

National Tribal Air Association (NTAA), the State and Territorial Air Pollution Program Administrators (STAPPA) and the Association of Local Air Pollution Control Officials (ALAPCO) to identify and resolve any issues associated with the allocation and use of grant resources.

EPA will continue to place high priority on effective grants management including proper use of authorities for award, the effective use of competition where appropriate, the articulation and reporting of programmatic and environmental results, and the effective oversight of agreements including compliance with programmatic terms and conditions. More information on specific grant priorities and critical grant management topics is contained in the attached Appendix A.

Status

A total of over $4 billion in air grant assistance has been provided to state, local, and multi-state agencies since enactment of the 1963 CAA. This has been complemented with an estimated $6.6 billion in matching resources from state and local governments over the same period. Assistance is provided by Congress via the STAG Appropriation.

For FY 2007, over $253.7 million has been requested in STAG funds to support state, local and tribal air and radiation program activities. The overall increase in funding over FY 2006 is due to an additional $37.9 million in support of an expanded Clean Diesel program. These funds are included in the nearly $234.7 million that has been targeted to support state, local, and multi-state air quality management activities. Funding directed to state and local agencies for program planning and implementation support decreases by $35.1 million. The decrease in state assistance grants includes a reduction of $16.2 million in §105 funding that supported the CO, SO_2, Lead and NO_2 programs, a $16.3 million reduction in the funding for the $PM_{2.5}$ monitoring program, and a $2.5 million reduction for regional haze planning support.

The decrease in the §105 program reflects gains achieved in the widespread attainment of standards for several criteria pollutants: CO, Pb, SO_2, and NO_2, and a focus on ozone and PM. Specifically:

- Of the original 78 areas designated as nonattainment for CO, all are now monitoring clean air.
- The original 54 SO_2 areas and the one NO_2 area (LA) are now measuring clean air.
- Only one lead nonattainment area, of the original 13, is recording violations of lead standard. Funds have been targeted to address this area.

The decrease in the $PM_{2.5}$ monitoring program reflects the successful establishment of a continuing $PM_{2.5}$ monitoring network, and a restructuring of the overall air monitoring program for increased efficiencies.

The Regional Planning Organizations (RPOs) were established to help their member states meet federal requirements to reduce regional haze. The work done by the RPOs in support of regional haze planning will be provided to the states who must now incorporate the results of the RPOs' efforts into their SIPs.

EPA has worked with STAPPA/ALAPCO and the MJOs to determine the best approach to take to address the reductions in FY 2007 air grant assistance. A more detailed discussion of these changes is included in Appendix A. As explained in Appendix A, some aspects of the allocation of the available STAG funds for PM2.5 monitoring will be finalized by July 1, 2006.

For FY 2007, a major portion of continuing program funds will continue to be devoted to implementing efforts to attain the NAAQS for 8-hour ozone and $PM_{2.5}$. This includes emission inventory, modeling, and early reduction efforts as well as innovative voluntary, mobile source and market based approaches such as the NO_X/CAIR Budget Program. Additional priorities include implementation of: air toxics reduction programs through technology-based and delegated residual risk standards, voluntary vehicle emission control retrofit programs for heavy duty vehicles and school buses, and regional haze reduction programs. EPA and its partners will also continue to devote significant grant resources to the various ambient air monitoring networks including air toxics. EPA will continue its joint efforts with state, local, tribal and multi-jurisdictional agencies to align ambient air monitoring resources pursuant to the objectives of the integrated National Ambient Air Monitoring Strategy. Additional discussion is provided in Appendix A.

FY 2007 Milestones

Ozone

- Submit approvable attainment demonstration SIPs to attain the 8-hour ozone NAAQS for subpart 1 and moderate and higher classified areas.
- Submit RFP SIPs for moderate and higher Subpart 2 areas and for Subpart 1 areas that request a 5-year extension of its attainment date.
- Submit SIP to satisfy the 8-hour ozone NAAQS, as necessary, for marginal classified areas.
- Submit SIP addressing any unfulfilled CAA SIP requirement for marginal classified areas.
- Submit RACT SIP for Subpart I area requesting an attainment date extension.
- Submit §110(a)(1) maintenance SIPs for required 8-hr ozone attainment areas.
- All EAC areas submit required progress reports.
- Review 8-hr ozone air quality reports and take appropriate actions dealing with areas newly discovered violating the 8-hr ozone NAAQS.
- Submit by June 1, 2007 the 2005 emission inventories for criteria pollutants required by the CERR, via CDX, covering all sources types.
- As appropriate, submit redesignation requests for areas with three years of clean air quality data.
- Begin to assess compliance with NO_X SIP Call, Phase 2.

PM2.5

- Review $PM_{2.5}$ ambient data and take appropriate actions dealing with areas newly discovered violating the $PM_{2.5}$ NAAQS.
- Submit partial/complete CAIR SIPs in response to CAIR and/or CAIR FIP.
- Adopt CAIR model trading program or submit CAIR Abbreviated SIP by March 31, 2007 (if choosing that approach).
- Continue to develop approvable SIPs to attain the $PM_{2.5}$ NAAQS.

- Submit by June 1, 2007 the 2005 emission inventories for criteria pollutants required by the CERR, via CDX, covering all sources types. (Some states are participating in a pilot program to submit by December 31, 2006.)
- As appropriate, submit redesignation requests for areas with three years of clean air quality data.
- Submit §110(a)(2)(D) SIPs for PM2.5 and ozone.

Regional Haze

- Continue to develop approvable Regional Haze SIPs under 308 and 309, including BART requirements.
- RPOs complete the technical analyses supporting the Regional Haze SIPs.

CO, SO_2, PM_{10}, Lead

- Prepare and submit appropriate response to identified air quality violations.
- Develop and submit redesignation requests as appropriate.

Ambient NAAQS Monitoring

- Operate monitors for NAAQS pollutants, $PM_{2.5}$ speciation, and PAMS according to 40 CFR 58, approved monitoring plans, and/or grant agreements including QAPPs.
- Submit NAAQS pollutant data, PAMS and QA data to AQS directly or indirectly through another organization according to schedule in 40 CFR part 58. The target data completeness rate is 75% of the potential concentration values based on the operating EPA-funded state/local monitors and their sampling schedule. Target for QA data is 75% of checks required by 40 CFR 58.
- Certify NAAQS pollutant data in AQS and provide supporting documentation according to the schedule in 40 CFR part 58 (presently required by July 1 of the next year but may be amended in Sept. 2006 to May 1 beginning in 2009.
- Submit annual network report required by 40 CFR 58.20, by July 1 unless another schedule has been approved.
- Ensure adequate, independent QA audits of state/local NAAQS monitors (assuming the Sept. 2006 final monitoring rule establishes this requirement) or participate in NPAP and PEP QA programs.
- Conduct monthly QA checks for flow rates of $PM_{2.5}$ speciation monitors and submit data quarterly to OAQPS. Target is for 75% completeness.
- Assist in the changeover to IMPROVE-style carbon samplers at $PM_{2.5}$ speciation trends and supplemental site. (Technical and funding guidance will be provided by HQ in early FY 2006. Changeovers will be spread from July 2006 to December 2007. States will not be required to contribute to new equipment costs, but per sample lab charges will increase slightly.)
- Develop state plan for monitoring network meeting new requirements related to the revised 24-hour $PM_{2.5}$ NAAQS and the new $PM_{10-2.5}$ NAAQS.
- Develop QAPPS as necessary for $PM_{10-2.5}$ prior to start of monitoring and submission of data to AQS, for any monitors that begin operation during FY 2007 ahead of required schedule.
- Phase down PM_{10} monitoring per new EPA guidance.

- Operate NCore multi-pollutant precursor gas sites established with FY 2006 or earlier funds and report data from these sites to AQS.

Ambient Toxics Monitoring

- NATTS grantees operate NATTS sites according to national grant and technical guidance and in keeping with the terms of QAPP and QMP.
    - Participate in inter-laboratory Proficiency Testing and Technical System Audit programs according to national guidance and based on the terms of approved QAPP and QMP.
    - Submit data to AQS quarterly. The data objective for completeness rate is 85% of the potential concentration values submitted within 6 months of end of each quarter.
- Conduct FY 2006-funded community monitoring projects consistent with grant terms (including schedule) and technical guidance and based on the terms of QAPP and QMP.
    - Execute local-scale monitoring data analyses as proposed in awarded project plans.
    - Recipients of the Local-Scale Air Toxic Ambient Monitoring cooperative agreements shall present their findings at the National Air Toxics Data Analysis Workshop. Travel funding for this purpose will be included in each grant.

Title V/NSR

- Provide timeliness data on Title V permits for new and significant permit modifications to Regions every 6 months for entry into TOPS.
- Ensure sources submit Title V applications for renewal and timely issuance of permit renewals.
- Enter permit processing data into the RBLC consistent with CAA requirements, including the Application Accepted Date and the Permit Issuance Date for all major NSR permits issued for new major sources and major modification.
- Continue to issue Title V initial Title V permits, significant modifications and renewal Title V permits and reduce backlog of renewal permits.
- Cooperate with EPA in Title V permit program evaluations, set target to respond within 90 days to EPA's evaluation report and implement recommendations as warranted.
- Issue Title V permits within 18 months of application completeness determined by permitting authority.
- Issue NSR permits consistent with CAA requirements and enter BACT/LAER determinations in the RBLC.
- Issue all remaining initial title V permits and any permit modifications or renewals due in Indian country

Air Toxics

- Submit by June 1, 2007 the integrated 2005 Emission Inventory for HAPs.
- Collaborate, as appropriate, with HQ on National Emission Inventory (NEI) Reinvention by providing input on the best methods for developing an integrated HAP/CAP emission inventory.
- Review draft NATA updated with 2002 data.
- Implement delegated or approved toxics requirements under §112, 129, and 111(d), as appropriate, for major sources, area sources, and residual risk.

FY 2008 Milestones

- States which are not designated attainment under the EAC program will need to begin working on nonattainment area SIPs. Review 8-hr ozone air quality reports and take appropriate actions dealing with areas newly discovered violating the 8-hr ozone NAAQS.
- Submit Regional Haze SIPs by December 17, 2007, or no later than April 5, 2008.
- Submit 1997 $PM_{2.5}$ NAAQS SIPs by April 5, 2008.
- As appropriate, submit designation recommendations for 2006 $PM_{2.5}$ NAAQS.
- States continue to operate, maintain, and enhance the NATTS network as well as EPA-funded community assessment projects or other monitoring efforts.
- Review draft 2005 NEI for HAPs and CAPs.
- Implement promulgated §112(d) standards including MACT and GACT, and delegated/SIP approved §111(d) or §129 standards for major and area sources.
- Continue to submit draft, proposed, and/or final SIPs/TIPs, equivalency demonstrations, and/or delegation requests in response to revisions to NSR rules.

FY 2009 Milestones

- Review 8-hr ozone air quality reports and take appropriate actions dealing with areas newly discovered violating the 8-hr ozone NAAQS.
- Begin to assess compliance with RACT and CAIR, Phase 1, and RFP reductions due by end of 2008; submit RFP milestone compliance demonstration (assuming MCD rule has been issued by then).
- Implement Ozone/$PM_{2.5}$/Regional Haze SIPs.
- Implement CAIR SIPs.
- For subpart 1 areas for which EPA finds did not attain by their 2008 attainment date (assuming no extension was granted), begin work on SIP revisions required under §179(d) of the CAA.
- As appropriate, submit revised 8-hour ozone SIPs for EAC areas that EPA designated nonattainment in April 2008 (revised SIPs due 1 year after the nonattainment designation.

TRIBAL AIR QUALITY MANAGEMENT

The national Tribal Air Quality Management Program includes funding for Indian tribes and Tribal Air Pollution Control Agencies, as well as providing training and support for tribes with typically small staffs and limited resources. Through CAA §103 grants, tribal air pollution control agencies, among others, may conduct and promote research, investigations, experiments, demonstrations, surveys, studies and training related to air pollution. Tribes typically use this funding source to research and investigate the air quality within and affecting lands within their jurisdiction. Through CAA §105 grants, tribes may develop and implement programs for the prevention and control of air pollution or for the implementation of national primary and secondary ambient air quality standards. Tribes have the authority to set standards and develop additional programs to meet their unique needs. This authority is grounded in the CAA and the Tribal Authority Rule, as well as their inherent sovereign authority. For detailed grant guidance see Appendix A.

Strategy

EPA remains committed to working with the tribes, our regulatory partners, to assist them in understanding their air quality, complete assessments, and develop air quality management programs where appropriate. The completion of air quality assessments in Indian country is achieved through a combination of training and technical support of tribal staff in areas such as conducting assessments, source characterizations, emission inventories and monitoring programs. At the same time, work continues to improve and facilitate tribal participation in the policy and programmatic aspects of the national air quality management program. As tribes gain experience, they are then able to address their air quality concerns, and enhance their overall program development and participation. EPA is committed to supporting the National Tribal Air Association (NTAA) as a leadership and coordination organization, working to promote relationships between and amongst tribes and EPA. They serve an important role to facilitate tribal involvement in EPA policy and regulatory development.

EPA is also committed to building tribal capacity, where appropriate, to implement—either directly through tribal regulations and TIPS or as partners in implementation of applicable FIPs—CAA protections for human health and the environment in Indian country. A primary mechanism for this priority is to fund the Institute for Tribal Environmental Professionals (ITEP) in their role as a leader in tribal air quality training. The ITEP program provides an internationally-recognized curriculum, developed especially for the unique needs of Indian country. This program has been instrumental in assisting tribes in developing the necessary skills to start and implement air quality management programs for their reservations.

Tribal STAG funds are allocated to tribes through each Regional Office (except Region 3 which has no federally-recognized tribes) based on a formula that includes a number of factors such as tribal population, number of tribes, non-attainment areas and number of Title V sources. Regional Offices then allocate funds to tribes within each Region based on a draft consistency policy that directs resources based on factors related primarily to risk and environmental benefits. EPA STAG funding in recent years has been unable to provide grants to every tribe requesting support, so this methodology allows funding decisions to be made in a nationally-consistent manner while seeking to maximize the environmental benefit.

OAR supports many tribal efforts to understand and address air quality, and many tribes include monitoring programs in their activities. OAR provides funding to a large number of tribes to monitor a variety of pollutants of concern to them, and tribes have provided an exemplary level of reliability and data capture in operating monitors of every type. To continue the effectiveness and relevancy of the tribal monitoring program, OAR expects the EPA Regional Offices and tribes to jointly determine where and why monitoring is necessary, while OAR provides technical assistance through the Tribal Air Monitoring Support (TAMS) Center.

Section II of Appendix A of this document provides revised interim guidance to help tribal and Regional Office staff achieve clarity on the objectives of monitoring efforts. Over the next several months we anticipate expanding this guidance, while retaining the flexibility for tribes and Regional Offices to address the many different air quality situations on tribal lands on a case-by-case prioritized basis.

While recognizing the sensitivity of tribes to the use of their data, OAR expects tribal grants in FY 2007 to include a commitment for quality-assured monitoring data to be submitted on a timely basis to the Air Quality System (AQS), or other publicly accessible database (e.g., AQS is not able to receive the data from the CASTNET or IMPROVE networks at this time.). Impending enhancements to AQS should eliminate tribal concerns regarding use of state codes to enter tribal data. OAQPS is available to join the Regional Offices in pre-award consultations with any tribes where issues of data ownership and submission of data are of concern. EPA also encourages tribal participation in AirNow, but this should not be a condition required in the grants.

In FY 2007, increased attention should also be paid to the quality aspects of tribal air monitoring programs. Every new or renewed grant supporting ambient monitoring on tribal lands should require preparation and Regional Office approval of Quality Management Plans (QMPs) and Quality Assurance Project Plans (QAPPs) that clearly identify the purposes to be served by the monitoring. OAR has worked with the Regions and monitoring organizations to develop a graded approach for the development of these documents. The QAPP should provide that tribal monitoring include regular precision and accuracy checks, using Appendix A of 40 CFR Part 58 as general guidance, unless other quality assurance procedures are justified as more appropriate to the monitoring objectives. Data reporting to AQS should include reporting of precision and accuracy check results. The TAMS Center provides training on these QA aspects of monitoring programs.

Our strategy includes specific funding to support tribal interest in air toxics. Tribes have started to increase their participation in air toxics issues, but are limited by availability of funding and resources to assess the level of impact and risk. However, tribes continue to be concerned about toxics, and often have disproportional impacts due to subsistence activities and lifestyles. This is particularly true where local problems may be caused by local and regional sources such as industrial facilities and mobile sources. This also applies to toxic deposition and bioaccumulation of persistent bioaccumulative toxins, such as mercury, dioxin and PCBs. The 229 Alaska Native Villages, many of whom rely on traditional subsistence lifestyles, have expressed particular concern over local and international toxics, and Arctic peoples are known to suffer disproportionately high exposures to these toxic and persistent compounds.

Finally, to enhance the visibility of the Tribal Air Program and to further integrate tribal issues and concerns into EPA's daily programmatic activities, OAR encourages Regions to consider providing the tribes with the funding assistance necessary for reasonable participation in national level conferences, meetings, and planning activities. For example, there are several national conferences on topics such as monitoring, emission inventories, and data analysis. There are also a number of strategic planning efforts underway under the auspices of the Clean Air Act Advisory Committee that could benefit from consistent and meaningful tribal participation. Such provisions should be added, as appropriate, to the tribal grant workplans.

Status

The OAR Tribal Program has accomplished significant gains in the short number of years since its inception in 1996. Currently, 120 tribes receive grant support, and are operating approximately 150 air quality monitors in Indian country. Tribes have continued to progress from assessments to program development and 20 tribes have received delegations of CAA

authority

under the Tribal Authority Rule. Eighteen tribes have conducted emissions inventories that have been submitted to NEI and we continue to provide training and technical support for this activity. This assessment works continues as new tribes become engaged in the air quality program and gain the staffing and expertise to begin this work.

Other tribes have begun to move beyond the assessment phase into program development. These more experienced tribes are beginning to complete and submit for approval Tribal Implementation Plans – two have been submitted to date and several more are in development. Tribes have also uniquely expressed interest in PSD redesignations to reclassify their airsheds for optimum protection against deterioration, and to-date, nine tribes have redesignated their airsheds to Class 1 under PSD. Over 100 tribes participate in the Regional Planning Organizations (RPOs), and the Western Regional Air Partnership is co-chaired by Fred S. Vallo, Governor of the Pueblo of Acoma. We expect this trend to continue, and the Tribal Operations Committee is reflecting this increasing interest in air programs in Indian country. EPA continues to strive to support the ongoing needs in this growing program.

In between the assessment and program development, training and capacity building efforts are ongoing. In FY 2006, OAR expects to see more tribes participating in ITEP training and to see the NTAA engage more meaningfully in various program and policy development initiatives, and providing assistance to those tribes developing their individual air programs.

FY 2007-2009 Milestones

Headquarters

- Provide grant and technical staff support for training on national CAA technical and policy issues.
- Provide support for training to tribes on air toxics voluntary programs. (OAQPS)
- Provide support for tribal efforts to understand, assess and respond to indoor air concerns on tribal lands. (ORIA)

Regions

- Provide grant resources and support for national program initiatives such as participation in RPOs, public hearings for proposed rules, CAA policy development, and national tribal organization conferences/forums/meetings
- Provide resources and technical assistance to tribes for voluntary, educational, outreach, and/or regulatory development and implementation, e.g. TIPs, TAS, ordinances, Direct Implementation Tribal Cooperative Agreements (DITCAs), etc.
- Provide technical support to tribal air quality assessment and monitoring, and submission of monitoring data into the AQS database.

Tribes

- Participate in national level meetings, conferences and teleconferences on CAA policy development and seek training and support to build capability for effective participation.
- Implement tribal, CAA, and voluntary programs in Indian country.
- Tribes receiving grant funds for monitoring submit data to AQS or other appropriate national data system..

Indoor Air

Objective 1.2 - Healthier Indoor Air. Through 2012, working with partners, reduce human health risks by reducing exposure to indoor air contaminants through the promotion of voluntary actions by the public.

Sub-objective 1.2.1: Radon. By 2012, the number of future premature lung cancer deaths prevented annually through lowered radon exposure will increase to 1,250 from the 1997 baseline of 285 future premature lung cancer deaths prevented.

Sub-objective 1.2.2: Asthma. By 2012, the number of people taking all essential actions to reduce exposure to indoor environmental asthma triggers will increase to 6.5 million from the 2003 baseline of 3 million. EPA will place special emphasis on children and other disproportionately impacted populations.

Sub-objective 1.2.3: Schools. By 2012, the number of schools implementing an effective indoor air quality management plan will increase to 40,000 from the 2002 baseline of 25,000.

Sub-objective 1.2.4: ETS. By 2012, the percentage of children six and under regularly exposed to environmental tobacco smoke in the home will be reduced to X% (8-10%) from a 1998 baseline of 20%, and the disparity of exposure between low-income children and the general population will be reduced.

EPA addresses indoor air quality issues by developing and implementing voluntary outreach and partnership programs that inform and educate the public about indoor air quality and actions that can reduce potential risks in homes, schools, and workplaces. EPA also supports states and communities in developing and implementing comprehensive multi-stakeholder air toxics reduction efforts.

Through these voluntary programs, EPA disseminates information and works with state, tribal, and local governments; industry and professional groups; and the public to promote actions to reduce exposures to potentially harmful levels of indoor air pollutants, including radon, asthma triggers including environmental tobacco smoke (ETS), and mold contamination in homes. EPA also transfers technology by providing detailed guidance on indoor air-related building design, operation, and maintenance practices to building owners, building managers, and school facility managers and easy-to-use tools to educators and school facility managers. A key focus area is on the environmental management of asthma triggers through outreach to schools, child care centers, health care providers, and the general public.

EPA also provides tribes with appropriate tools and assistance to address indoor air toxics, such as radon; ETS; particulate matter; and biological issues, such as mold contamination. EPA works with other federal agencies to provide guidance and assistance on how to reduce the exposure levels of these contaminants in all tribal communities.

Through the State Indoor Radon Grant (SIRG) Program, EPA helps states that have not yet established the basic elements of an effective radon assessment and mitigation program, and will support innovation and expansion in states that already have programs.

Our strategies for improving indoor air quality and increasing the number of people breathing healthier indoor air are implemented through two priority areas:

- Indoor environmental pollutants and triggers which cause or exacerbate respiratory-related illnesses
- Radon

REDUCE RISKS FROM INDOOR ENVIRONMENTAL POLLUTANTS AND ASTHMA TRIGGERS

This program area takes both a pollutant-focused and a place-based approach to reduce the risk at the locations where people are exposed to indoor contaminants. EPA and its partners design and implement voluntary programs and activities that address environmental triggers of asthma (i.e. ETS, dust mites, pests, molds, nitrogen dioxide, and pet dander), indoor air quality in schools, and office building air quality management approaches through outreach, training, partnerships, educational activities, and guidance.

Our strategy includes implementing a national, multi-faceted asthma education and outreach program to improve and expand the delivery of comprehensive asthma care programs, a unique ETS program focused on protecting young children from ETS exposure by collaborating with federal, state and local organizations on promoting smoke-free homes and cars; and a national education and outreach program to inform the public, schools, school districts, educators, and building professionals about the importance of creating and maintaining healthy indoor environments in schools and workplaces. Our program relies on several key implementation/educational tools:

- National public awareness and media campaigns.
- Community-based outreach and education. (e.g. educating caregivers of children on environmental triggers of asthma and exposure to ETS).
- Sound, user-friendly guidance tailored to the program's varied constituencies.
- Enhancement and application of programmatic support data.
- Technology transfer.

Status

In FY 2007, EPA will:

- Continue asthma outreach to health care/managed care organizations to train health care professionals on environmental asthma triggers and effective risk management strategies;
- Increase community level action by hosting the *Communities in Action for Asthma Friendly Environments* National Forum to establish a national network of effective asthma programs designed to achieve environmental trigger risk reduction;

- Educate low-income families and children through EPA's Childhood Asthma Public Service Campaign and dissemination of materials and guidance designed for audiences with limited reading skills;
- Collaborate on ETS awareness and education activities with other federal agency programs including HeadStart and Women, Infants, and Children;
- Promote the national Smoke-free Home Pledge Campaign;
- Continue technical assistance to state and local organization on ETS outreach and education efforts;
- Sponsor the 7th annual Tools for Schools Symposium and National Tools for Schools Awards Program;
- Continue the "Schools" mentoring program;
- Promote the new IAQ Design Tools for Schools Guidance;
- Continue work with national school organizations to expand implementation of Tools for Schools;
- Promote action through awareness and educational activities that encourage environmental management of asthma triggers including ETS; and,
- Improve understanding of effective interventions and improve tools for measuring results.

RADON

This partnership program focuses on risk reduction and awareness activities at the national, regional, state, and tribal level to primarily address the radon risk in homes, and secondarily in schools. EPA implements its radon program through a combination of Federal activities at the national and regional level and through state-local activities primarily funded by the SIRG program. EPA's radon risk reduction program has two principal priorities and supporting activities:

- Encourage and promote the construction of new homes to include radon-resistant techniques, which can be incorporated into new homes through:
    - Adoption of radon-resistant building codes by state and local governments.
    - Adoption of radon-resistant features by home builders.
    - Adoption of radon-resistant features by Federal housing programs.
- Encourage and promote the testing and mitigation of existing homes through:
    - Residential real estate transactions by the actions of buyers, sellers, brokers and agents, home inspectors, relocation companies and mortgage lenders.
    - Adoption of property condition/radon disclosure policies or laws by real estate associations, and by state, county and municipal governments.
- Encourage and promote the public testing their homes for radon and when needed, fixing their homes to reduce the radon level. EPA provides analytic support to develop, implement, and enhance programs aimed at testing and mitigation of radon risks.

Status

In FY 2007, EPA will significantly increase national action on radon risk reduction. EPA will support initiatives and activities targeted to: (1) double new construction and mitigation rates by

2012; (2) increase the number of states and localities with active and comprehensive radon programs; (3) accelerate action in the housing market to further institutionalize radon risk reduction in residential transactions; and (4) expand scientific knowledge and technologies at the domestic and international level to support and drive more aggressive action on radon.

FY 2007 Priorities for the Regions

- Continue to serve as the local, community-based point of contact to disseminate information and foster implementation of the indoor air programs.
- Administer and oversee the SIRG program with a focus on results and the timely expenditure of grant funds. See Appendix A - SIRG Program Guidance and Handbook.
- Work with national partner state/field affiliates, state and local partners, and coalitions to reduce risks from indoor pollutants and asthma triggers.
- Oversee grants to reduce risks from indoor pollutants and asthma triggers, particularly in homes, schools and day care centers.
- Work with state and local partners and tribes to ensure that reducing exposure to indoor pollutants and asthma trigger is included in policies of state and local Asthma Plans.

Stratospheric Ozone

Objective 1.3 - Protect the Ozone Layer. By 2030, through worldwide action, ozone concentrations in the stratosphere will have stopped declining and slowly begun the process of recovery, and overexposure to ultraviolet radiation, particularly among susceptible subpopulations, such as children, will be reduced. Specifically:

Sub-objective 1.3.1: Stratospheric Chlorine Concentrations. By 2011, total effective equivalent stratospheric chlorine will have reached its peak, and begun its gradual decline to a value less than 3.4 parts per billion of air by volume.

Strategic Targets:

- By 2011, 65% of all hydrochlorofluorocarbon (HCFC) production and import will be phased out, further accelerating the recovery of the stratospheric ozone layer – with further reduction steps in 2015 and 2020, concluding with complete elimination of Class II substances in 2030.

- Through 2011, continue the transition away from ozone-depleting compounds in a way that reduces overall risks to human health and the environment by acting on 100% of petitions for substitutes within 90 days of receipt.

Sub-objective 1.3.2: SunWise. By 2011, the number of schools registered with the SunWise program will increase to 20,000 from 200 in the year 2000, thereby reducing the risks of overexposure to UV radiation through education of children in grades K-8.

As a signatory to the Montreal Protocol on Substances That Deplete the Ozone Layer (Montreal Protocol), the U.S. is obligated to regulate and enforce its terms domestically. In accordance with this international treaty and related CAA requirements, EPA will continue to implement the domestic rulemaking agenda for the reduction and control of ozone-depleting substances (ODS) , such as chlorofluorocarbons (CFCs), and enforce rules controlling their production, import, and emission. This implementation includes combining market-based regulatory approaches with sector-specific technology guidelines and facilitating the development and commercialization of alternatives to methyl bromide and hydrochloro-fluorocarbons (HCFCs). We will strengthen outreach efforts to ensure efficient and effective compliance, and continue to identify and promote safer alternatives to curtail ozone depletion. To help reduce international emissions, we will assist with the transfer of technology to developing countries and work with them to accelerate the phase-out of ozone-depleting compounds.

Because the ozone layer is not expected to recover until the middle of this century at the earliest, the public will continue to be exposed to higher levels of ultra-violet (UV) radiation than existed prior to the use and emission of ODS. Recognizing this fact and the public's current sun-exposure practices, EPA will continue education and outreach efforts to encourage behavioral changes as the primary means of reducing UV-related health risks.

DOMESTIC PROGRAMS

This program includes activities for regulatory programs to restore the ozone layer and voluntary programs to reduce public health risk. For the period 2007-2009, EPA's domestic strategy for stratospheric ozone protection will focus on:

- Undertaking measures to ensure successful transition of industries to non-ozone depleting alternatives to HCFCs, which are subject to a production phaseout under the CAA.
- Limiting production of class I substances such as CFC-11, CFC-12, and methyl bromide to uses identified as critical or essential under the Montreal Protocol.

Status: As of January 2005, the U.S. has succeeded in phasing out new production and importation of most class I substances, with the exception of certain applications for which the search for acceptable, non-ozone depleting alternatives continues. For class II substances (HCFCs), EPA has phased out production of HCFC-141b.

FY 2006-2008 Milestones and Priorities

- EPA administers the critical use exemption for production of methyl bromide as allowed under the Montreal Protocol.
- EPA allocates production allowances for all remaining classes of HCFCs.
- EPA proposes a rule to determine which equipment HCFC-142b and HCFC-22 may be exempted from the ban on production of those chemicals that will take effect in 2010.
- Regions carry out enforcement actions related to programs under Title VI of the CAA, including servicing of motor vehicle air conditioners, recycling of ozone-depleting substances, and emissions of phased-out substances. For additional information see the National Program Guidance issued by the Office of Enforcement and Compliance Assurance.

MULTILATERAL FUND

This program includes the Multilateral Fund, which promotes international compliance with the Montreal Protocol by financing the incremental cost of converting existing industries in developing countries to cost-effective, ozone-friendly technology. Our strategy is to continue to support the Ozone Secretariat's Multilateral Fund, which provides resources to developing nations to facilitate their transition to non-ozone-depleting substances. For the period 2007-2009, we will focus on:

- Maximizing developing country reductions in ozone-depleting substances by moving aggressively from a project-by-project approach to a national phase-out strategy approach.
- Accelerating the shift to CFC alternatives by accelerating the closure of CFC manufacturers in developing countries.
- Increasing support to developing country institutions to enable effective implementation of policy measures.

Status

To date, the Fund has supported over 4,480 activities in 134 countries that, when fully implemented, will prevent annual emissions of more than 174,000 metric tons of ODSs. In addition, the Fund has reached long-term agreements to dismantle over 2/3 of developing country CFC production capacity and virtually all of developing country halon production capacity. Final closure of related facilities depends on continued funding. EPA's FY 2003 contribution to the Multilateral Fund helped the Fund support cost-effective projects designed to build capacity and eliminate ODS production and consumption in over 60 developing countries.

FY 2006-2008 Milestones and Priorities

- By 2006, cease consideration of individual investment projects in favor of national or sectoral phase-out strategies.
- By 2006, increase support to developing country institutions by 50% in at least 25% of all developing countries in return for performance-based agreements that would enable active implementation of new policy measures.

Note: Achievement of above milestones is contingent upon full payment to the Fund of agreed contributions by all Parties to the Montreal Protocol, including the United States. For the United States, full payment must be made by both EPA and the Department of State.

Radiation Protection

Objective 1.4 - Radiation. Through 2011, working with partners, minimize unnecessary releases of radiation and be prepared to minimize impacts to human health and the environment should unwanted releases occur.

Sub-objective 1.4.1: Waste Isolation Pilot Plant. Through 2011, EPA will annually fulfill 100% of the Department of Energy's (DOE) requests for waste characterization approvals to ensure that EPA requirements are met for proper disposal at the Waste Isolation Pilot Plant (WIPP). DOE projects that the total number of drums disposed will increase from X drums (X million millicuries) in 2003 to X drums (X million millicuries) in 2011. The estimated total drums to be deposited at the WIPP is 860,000 (2.6 billion millicuries) over the next 35 years.

Sub-objective 1.4.2: Emergency Response. By 2011, X% of EPA's radiation assets will meet functional requirements to implement the National Response Plan's Nuclear/Radiological Incident Annex and National Oil and Hazardous Substances Pollution Contingency Plan. (2005 baseline: 50%)

Sub-objective 1.4.3: Homeland Security/RadNet. By 2011, RadNet, EPA's National Radiation Monitoring System, will have operational monitors in X% of the most populous U.S. cities. (2005 baseline: X% of the most populous U.S. cities)

EPA helps prevent public exposure to harmful levels of radiation in the environment, by working with other federal, state, tribal, and local agencies to assess exposure risks, managing radioactive releases and exposures, ensuring proper disposal of radioactive materials, and providing the public with information about radiation and its hazards. EPA also maintains a high level of preparedness to respond to radiological emergencies. These responsibilities form the core of our strategy to protect the public and the environment from unnecessary exposure to radiation. Our strategies for radiation include three program areas:

- Radiation Protection
- Radiation Response Preparedness
- Homeland Security Preparedness, Response, and Recovery

Status

EPA continues to improve radioactive waste management through guidance and technical tools and to provide Regional Offices with radiation analytical and technical support. EPA is also continuing its commitment to Emergency Response/Homeland Security.

EPA is continuing to integrate radiation data into the Agency's information systems and making radiation information more accessible to the public, enhancing the national environmental radiation monitoring system (RadNet) to better respond to radiation emergencies and be better prepared for potential terrorist threats, and continuing programs to provide guidance and tools to other federal agencies, as well as state, local, and tribal governments and our stakeholders and partners. We are also continuing efforts to create and enhance voluntary

programs to better protect track radioactive materials, find alternatives to radiation sources in industry, and improve disposal options for radioactive sources in commerce.

RADIATION PROTECTION

This program includes activities for radiation clean up, federal guidance, risk modeling, Clean Materials, Waste Isolation Pilot Plant (WIPP), Yucca Mountain work, radiation air toxics, naturally-occurring radioactive material, radiation waste management, and radioactive and mixed-waste operations and measurements. In FY 2005, approximately 150,000 drums were emplaced within the WIPP. EPA is currently re-certifying the WIPP facility.

Strategy

Using a collaborative strategy, EPA works with the public, industry, states, tribes and other governmental agencies to inform and educate people about radiation risks and promote actions that reduce human exposure. EPA also provides radiation guidance and develops regulations as appropriate. Key programmatic activities include:

- preventing future losses of radioactive materials, including sealed sources, domestically and internationally
- promoting the safety of the U.S. and international metal supply
- ensuring continued compliance with EPA regulations and EPA oversight for DOE waste disposal activities at the WIPP
- promoting the reduction and management of radiation risks in a consistent and safe manner at Superfund, DOE, DOD, state, local, and other federal sites.
- assessing exposure risks and providing information about radiation and its hazards
- maintaining appropriate methods to manage radioactive releases and exposures including evaluating remediation technologies for radioactively contaminated sites
- evaluating the human health and environmental risks from radiation exposure
- providing national-level guidance on the risks posed by radioactive materials in the environment.

FY 2007-2009 Milestones and Priorities

- An estimated 45,000 additional drums of radioactive waste certified by EPA as properly disposed will be deposited at the WIPP each year in FY 2007, 2008, and 2009.
- Regions continue to serve as the local, community-based point of contact to disseminate information on EPA's radiation protection program, including support of the radiological NESHAPS program.
- Regions will provide, as requested, technical support to state radiation, solid waste, environmental and health programs that regulate radiological remediation
- Regions work with states on issues involving technologically-enhanced naturally-occurring material (TENORM) that include issues associated with mining legacy waste disposal and water treatment residuals.
- Regions work with states on mining legacy waste disposal issues.

RADIATION RESPONSE PREPAREDNESS

This program includes federal preparedness activities including ORIA programmatic readiness, Radiological Emergency Response Team (RERT) personnel and equipment readiness, development and participation in exercises, training and outreach, radiological emergency response guidance, and the national environmental radiation monitoring system (known as RadNet).

Strategy

Using a collaborative strategy where appropriate, EPA works with tribes and other federal, state, and local agencies to ensure that the appropriate parties are fully informed and prepared to respond should an incident involving radiation occur. EPA's key activities that support our radiation response preparedness include:

- preparing for and responding to incidents involving radioactive materials through training, infrastructure development, regular exercises, and field experience
- issuing Protective Action Guides
- coordinating with other organizations to ensure thorough response and preparedness planning
- providing radioanalytical laboratory capabilities

FY 2007-2009 Milestones and Priorities

- In FY 2007, 2008, and 2009, respectively, the RERT team will meet 70%, 80%, and 90%, respectively, of the criteria used to establish full team readiness and described above.
- Regions continue to serve as the local, community-based point of contact to disseminate information on EPA's radiation response and preparedness program, activities, and capabilities. As appropriate, Regions should:
    - provide technical support to state radiation control programs
    - support EPA's radiation emergency response operations, including the assignment of personnel to serve as Regional radiation advisor and an RERT liaison
    - participate in radiological response exercises.

HOMELAND SECURITY PREPAREDNESS, RESPONSE, AND RECOVERY

In addition to the Radiation Response Preparedness activities discussed above, this program includes efforts to develop plans, procedures, and readiness to respond to releases caused specifically by terrorist incidents. EPA will ensure readiness of radiological response personnel and equipment through planning, training, and exercises. EPA will coordinate homeland security activities with the Department of Homeland Security and other federal agencies to ensure consistency with the National Response Plan.

Strategy

EPA's strategy for Homeland Security Preparedness, Response, and Recovery builds upon the efforts discussed under Radiation Response Preparedness above. In addition to overall coordination activities, EPA is significantly upgrading its environmental monitoring network for radiation (RadNet) by expanding its air network to include:

- Fixed air monitoring
- Deployable monitoring

These three components will provide EPA with data for nuclear emergency response assessments, data on ambient levels of radiation in the environment, and data for public officials and the general public.

FY 2007-2009 Milestones and Priorities

- In FY 2007-2009, EPA expects to purchase and deploy additional state-of-the-art monitoring units, bringing the total to 120, which would include sites at the 60 most populous cities in the U.S.
- Regions will provide leadership in coordinating the installation of the new RadNet monitors and will serve as the local, community-based point of contact to disseminate information on EPA's national monitoring system.

Climate Change

Objective 1.5 - Reduce Greenhouse Gas Intensity. Through EPA's voluntary climate protection programs, contribute 80 million metric tons of carbon equivalent (MMTCE) annually to the President's 18% greenhouse gas (GHG) intensity goal by 2012. (An additional 24 MMTCE to result from the sustained growth in the climate programs are reflected in the Administration's Business-as-Usual projection for GHG intensity improvement.)

Sub-objective 1.5.1: Buildings Sector. Through EPA's ENERGY STAR® program, prevent 26 MMTCE in the buildings sector in 2012, in addition to the 20 MMTCE prevented annually in 2002.

Sub-objective 1.5.2: Industrial Sector. Through EPA's industrial sector programs, prevent 64 MMTCE in 2012, in addition to the 34 MMTCE prevented annually in 2002.

Sub-objective 1.5.3: Transportation Sector. Through EPA's transportation programs, prevent 13 MMTCE in 2012, in addition to the 2 MMTCE prevented annually in 2002.

In 2002, President Bush announced a U.S. climate policy to reduce the greenhouse gas (GHG) intensity of the U.S. economy by 18% over the next decade. EPA's strategy for helping to improve GHG intensity is to enhance its partnerships with businesses and other sectors through programs that deliver multiple benefits in addition to reducing GHG intensity – from cleaner air to lower energy bills. At the core of these efforts are voluntary government-industry partnership programs designed to capitalize on the opportunities that consumers, businesses, and organizations have for making sound investments in efficient equipment, policies and practices, and transportation choices.

CLIMATE PROTECTION PROGRAM

This program includes voluntary domestic and international programs that address GHG and climate change issues. Efforts are aimed at reducing emissions of GHGs and mitigating the effects of global climate change on the environment and human health while growing the economy. EPA's strategy for 2006-2008 includes:

- Continue the successful Energy Star partnerships in the residential and commercial buildings sector by adding new products to the Energy Star family, raising awareness of the Energy Star label, and continuing to promote superior energy management to organizations of all sizes.

- Continue to build on the success of the voluntary programs in the industrial sector by enhancing the rate of energy and resource efficiency improvements through the Energy Star and WasteWise programs; cost-effectively keeping emissions of methane at 1990 levels or below through 2010; cost-effectively limiting emissions of the more potent greenhouse gases (HFCs, PFCs, SF_6); and facilitating the use of clean energy technologies and purchases of renewable energy.

- Continue implementing voluntary partnerships in the transportation sector with businesses, industry, manufacturers, and state and local governments as a way to achieve measurable environmental results, including reductions in greenhouse gas emissions, in a cost-effective manner. Partners in these voluntary programs work together to improve environmental performance and in return receive cost savings and public recognition.

- Continue to develop and demonstrate innovative fuel-efficient and clean vehicle and engine technologies. This includes ongoing work with automotive industry partners to transfer EPA's engineering expertise and advanced technologies to commercial application.

Status

- As of 2004, EPA's climate programs had reduced GHG emissions by 82 MMTCE. By 2012, EPA expects these programs to help avoid an additional 104 MMTCE of GHGs beyond 2002 levels.

Milestones for FY 2007-2009

2007

- Reduce GHG emissions from projected levels by approximately 98 MMTCE per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.
- Demonstrate advanced vehicle and engine technologies such as hydraulic hybrids, clean diesel combustion, or variable displacement engines.

2008

- Reduce GHG emissions from projected levels by approximately 107 MMTCE per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.
- Demonstrate technology such as mild hydraulic hybrid retrofits, full hydraulic hybrids, clean diesel combustion, homogeneous charge compression ignition engines, or variable displacement engines.

2009

- Reduce GHG emissions from projected levels by approximately 117 MMTCE per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.

FY 2007-2009 Priorities for Regions, States, Tribes: Lead by example in the area of energy efficiency and clean energy and promote making the cleaner energy choice to stakeholders. This includes:

- making commitments to procure Energy Star qualifying products and encouraging other organizations to do the same.

- ensuring tribal governments and communities are included as partners in GHG activities, and ensure they participate in and benefit from ongoing coordinated efforts and outreach programs

- ensuring that the power management feature of Energy Star qualifying computer monitors is enabled and encouraging other organizations to do the same.

- rating the energy performance of buildings, schools, hospitals, etc, using EPA's national energy performance rating system, applying for the Energy Star label for the qualifying superior buildings, and determining improvement plans for those that do not currently qualify; and encouraging other organizations to do the same;

- making or encouraging energy efficiency improvements and clean energy choices by promoting a range of innovative financial and policy mechanisms, including:

    - purchasing green power integrating energy efficiency and clean energy into air quality plans (i.e., SIPs), and state supplemental environmental projects (SEPs).

    - creating pilot programs to use commercially-available advanced technology in fleets (such as state/municipal vehicles, school buses, or refuse vehicles) to produce cost-effective emissions and fuel consumption reductions.

    - working with headquarters to assist states and tribes, as appropriate, to support the Best Workplaces for Commuters (BWC) and the SmartWay Transport programs through outreach to local and regional government, nonprofit agencies, and businesses. This includes continuing to provide presentations and promotion at regional venues and in regional marketing campaigns.